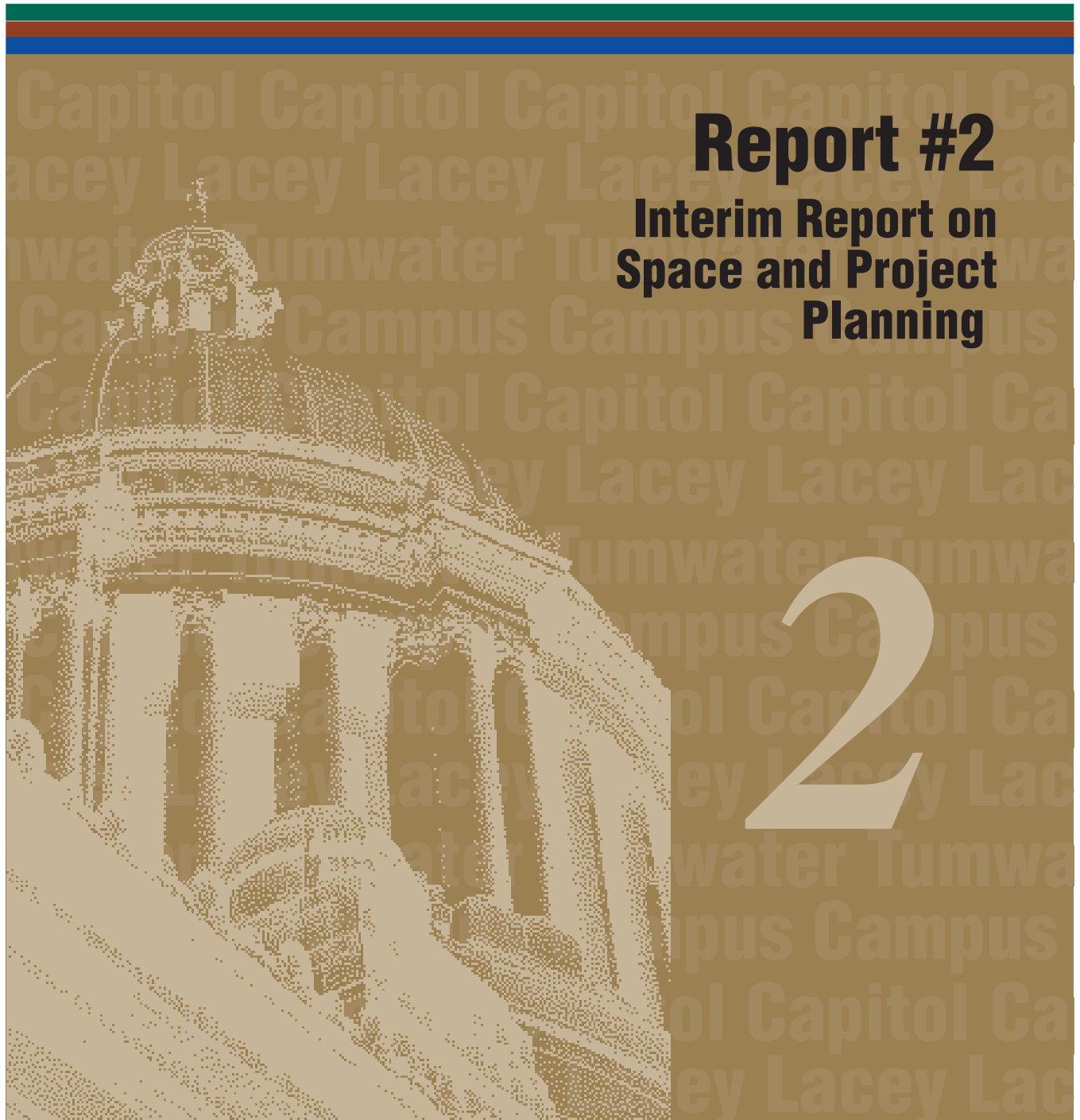


Thurston County Lease and Space Planning



Washington State Department of
General Administration

November 1999

Table of Contents

| | |
|---|-----------|
| PREFACE | 3 |
| THURSTON COUNTY LEASE AND SPACE PLANNING..... | 4 |
| Executive Summary | 4 |
| SECTION I. SPACE PLANNING CONSIDERATIONS | 6 |
| Locating New State Offices..... | 7 |
| The JLARC Model: Evaluating Budget and Life-Cycle Costs | 11 |
| State Laws Governing Office Procurement | 13 |
| One or Two Step Procurement | 14 |
| Paying for New Office Buildings..... | 15 |
| Transportation Demand Management: A Strategy for Reducing Parking and Lowering Overall Project Costs | 17 |
| SECTION II. STUDY PLAN UPDATE..... | 25 |
| Specifications for New State Offices..... | 25 |
| Standards..... | 26 |
| Technology Needs in Office Buildings | 29 |
| Sustainable Design & Building Practices | 29 |
| Unit Costs for New State Office Buildings | 30 |
| Standards for Space | 33 |
| SECTION III. CURRENT AGENCY-LEVEL PLANNING UPDATE | 35 |
| Department of Health Project Update | 35 |
| Transportation Agencies Project Update | 36 |
| Potential Olympia and Tumwater Sites and Planned Projects Which Could Meet the Needs of DOH and the Transportation Agencies | 36 |
| Special Requirements Associated with Development in Tumwater and Lacey..... | 51 |
| Potential Mitigation Costs To Develop State-Owned Property | 52 |
| How Proposals for DOH and Transportation Agencies Conform to the 1991 Capitol Master Plan..... | 52 |
| Conceptual Backfill Scenarios for Department of Health and the Transportation Agencies | 53 |
| SECTION IV: CASE STUDY ON RECENT CONSOLIDATION OF THE DEPARTMENT OF RETIREMENT SYSTEMS | 57 |

APPENDIX A: CHANGES TO REPORT #1

APPENDIX B: EXAMPLE OF ACTUAL JLARC COST MODEL

APPENDIX C: RCW 43.82.010, ACQUISITION, LEASE AND DISPOSAL OF REAL ESTATE FOR STATE

APPENDIX D: TUMWATER PROPERTY PURCHASE AGREEMENT

APPENDIX E: LACEY PROPERTY PURCHASE AGREEMENT

APPENDIX F: CITY OF OLYMPIA NORTH DOWNTOWN PLANNING AREA STUDY AND FINAL EIS

Preface

This is the second in a series of reports on the Department of General Administration-led Thurston County Lease and Space Planning Project. This eighteen-month project was directed in the 99-01 Capital Budget.

Report #1, issued in September 1999,

- Summarized legislative planning direction from statute plus the 99-01 Capital, Operating and Transportation budgets;
- Provided an update on GA's approach to this study directive;
- Consolidated in one document summaries of many reference materials and a complete description of all state leased and owned office facilities in Thurston County;
- Detailed GA's plan for assessing facilities needs, defining facility performance and cost standards, reviewing current state management practices, and developing improved ways to plan for new leased and owned office space;
- Summarized past planning and projects; and,
- Provided a status report on facility planning being done by the Department of Health and the State's transportation agencies.

Report #2 is intended to assist first, OFM and the Governor, and then the Legislature in considering agency requests for new space which might result in a 2000 Supplemental Budget action.

Report #3, will be submitted in early December to provide additional Lease and Space Planning information. It will include more specific information about proposed building projects and space needs for Departments of Health, Transportation, Licensing, State Patrol, and Social and Health Services. In addition, space needs for executive and legislative activities currently supported in the Legislative Building, but which have to be relocated when the Legislative Building is renovated, will be summarized.

Copies of this report will be distributed to legislative fiscal committees, local legislators, local governments, state agencies, local developers, lessors, and the media.

Questions, suggestions or comments on this report are encouraged. Please direct them to Grant Fredricks, Deputy Director, Department of General Administration at P.O.Box 41000, Olympia, WA 98504-1000, phone number (360) 902-7203 or e-mail: gfredri@ga.wa.gov.

Thurston County Lease and Space Planning

EXECUTIVE SUMMARY

A decision to acquire new leased or owned space or to move to another building is usually to improve customer service delivery or improve agency operations. Cost, location, space availability and timing are often the critical variables in this decision.

The State has three important ways to clarify and then optimize these variables.

1. Budget and Life Cycle Cost Analysis: The JLARC Lease versus Ownership Cost model developed jointly by the Joint Legislative Audit and Review Committee, private developers, lessors, GA, and OFM allows executive and legislative decision makers to understand the full range of budget and life cycle costs and benefits associated with a decision to either build, lease or buy a facility.

2. Preferred Development Areas: The 1991 State Capitol Master Plan defines preferred development areas in Olympia, Tumwater and Lacey where the State should develop its office facilities in order to distribute and best manage the impacts of State development, to achieve a sufficiently large concentration of State offices to simplify public service delivery and to support community development and public transportation.

3. Parking Management: Employee parking is often an expensive and limiting factor in siting state offices. An aggressive transportation demand management approach can sometimes dramatically reduce the amount of required parking and overall project cost. This report shares some tested ways others have done this.

Additional planning work has been done since September.

- Tools to estimate future space needs and staff growth are being developed.
- Office building performance and cost standards have been defined.
- Private and public ownership scenarios are presented.
- Different strategies to pay for increased new facility costs are offered.

In September, the Department of Health preliminarily concluded that they needed 232,000 to 238,000 square feet of consolidated office space to replace 253,000 square feet of space in eighteen leased office buildings. That space could be in one, two, or three buildings located at the same site. There may be as many as nine potential Master Plan-conforming sites in Downtown Olympia and Tumwater for this facility. A new Health facility will also provide some backfill opportunities for other agencies needing to co-locate.

Department of Health has continued to refine its analysis in preparation for a November 10th Supplemental Budget recommendation to the Governor. The current DOH Thurston County staff is 1,090, which is expected to grow by 2% to 1,111 by 2004. Year 2010 headcount is projected to increase by 2% per year, which would require a 261,000 square foot building by 2010. The possible options to meet the Department's needs have been reduced to a single building built at one time or in two phases with either a long term lease with option to purchase or as a traditional public works project.

The transportation agencies – Department of Transportation, State Patrol, Licensing, the County Road Administration Board, Transportation Improvement Board, and the Traffic Safety Commission – concluded that 350,000 square feet of space was needed to replace their thirty leased facilities. Their location options are State owned property on the Capitol Campus, near Ecology in Lacey, and south of Labor and Industries.

Additional analysis has increased the project size to 374,000 gross square feet. From 940 to 1635 new parking spaces will be required depending on which state-owned site the project is located.

Five agencies – Departments of Natural Resources, Fish and Wildlife, Agriculture, Ecology, and Labor and Industries – either totally or substantially consolidated their headquarters functions into a new facility in 1992 and 1993. Department of Retirement Systems consolidated their agency from 3 leased locations into a new leased building in 1999. Department of Retirement Systems' story of how this was done without a budget increase is described in Section IV of this report.

Section I. Space Planning Considerations

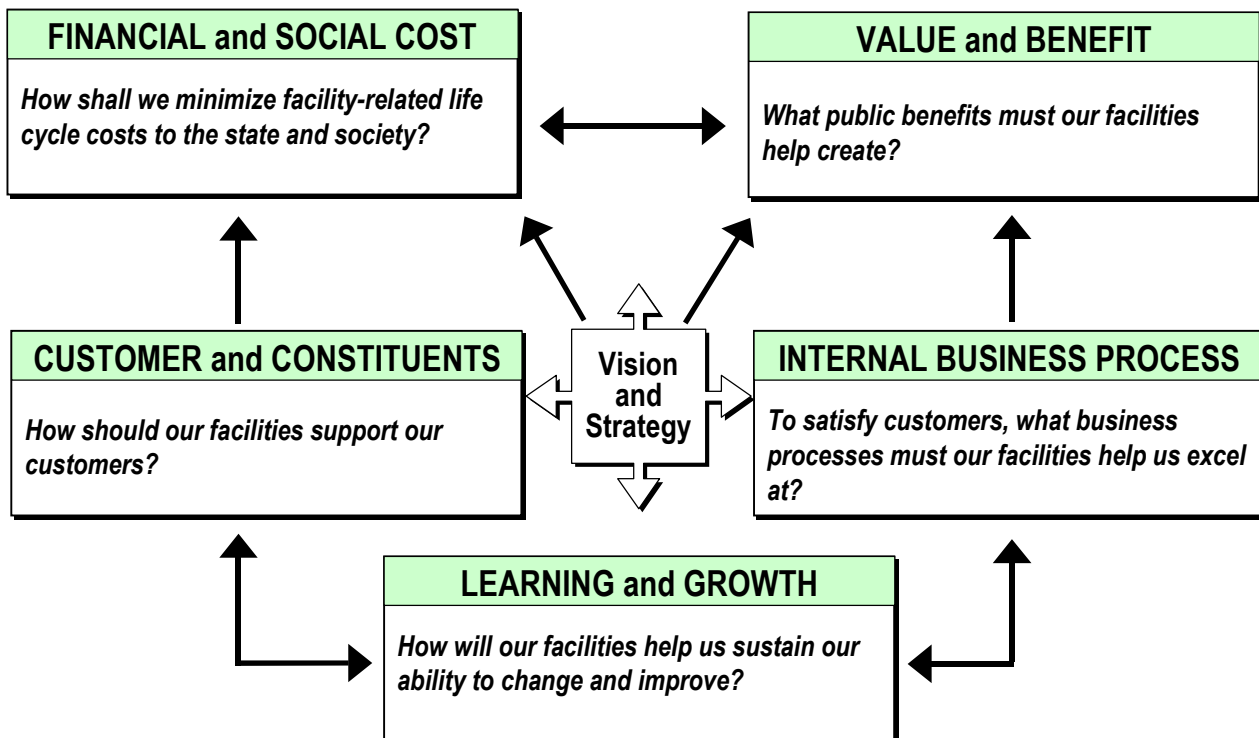
State government, with a few exceptions, has grown and become more fragmented over the past seven years. A strong commitment to innovation and results, the delivery of quality and customer-friendly public services, the growing importance of technology, restrictions on state spending, an aging inventory of owned and leased office buildings, the impacts of not coordinating office development and the operational affects on agency fragmentation require that the state plan develop and manage its owned and leased space differently.

The Governor's vision to

Make state government as innovative, efficient, and customer-friendly as the best private enterprises in our state

requires that we focus on results in these five key areas in making facilities decisions: learning and growth; internal business processes; customers and constituents; public value and benefit; and financial and social cost.

To achieve this vision means producing results in these five areas...



LOCATING NEW STATE OFFICES

The 1991 State Capitol Master Plan defines preferred development areas in Olympia, Tumwater, and Lacey where the State should develop its office facilities in order to distribute and best manage the impacts of State development, and to achieve a sufficiently large concentration of State offices to improve public service delivery and support community development and public transportation.

These two maps shows where the cities of Olympia, Lacey and Tumwater prefer the state build to own or lease its office space.

Preferred Development Areas – Areas where state ownership is preferred by local government

The Tumwater area – referred to in Tumwater's new comprehensive plan as the Tumwater Town Center – is unchanged from the 1991 State Capitol Master Plan.

The Olympia area – referred to in Olympia's comprehensive plan as Central Business District – is expanded slightly to include portions of the Port of Olympia recently identified in the Port's Comprehensive Plan as consistent for commercial office development.

The Lacey area is substantially smaller than the 1991 State Capitol Master Plan, and it is limited to current state owned property at Saint Martins College adjacent to the Ecology headquarters. This reflects Lacey's interest in maintaining a strong retail base within their Central Business District.

Thurston County

Preferred Development Areas



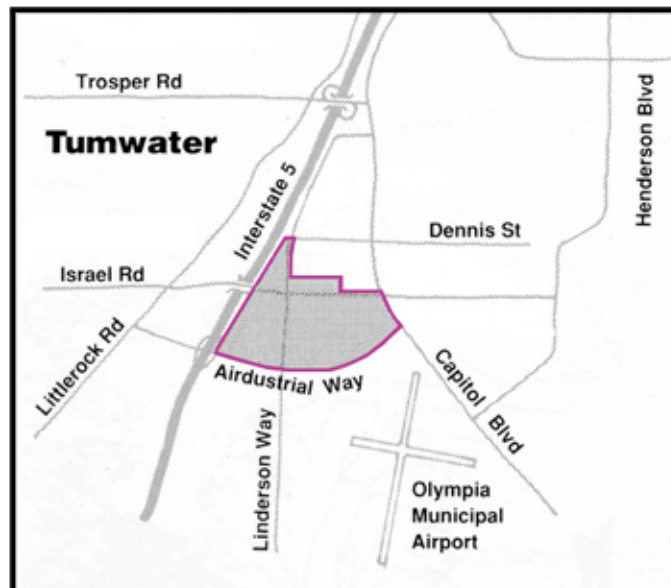
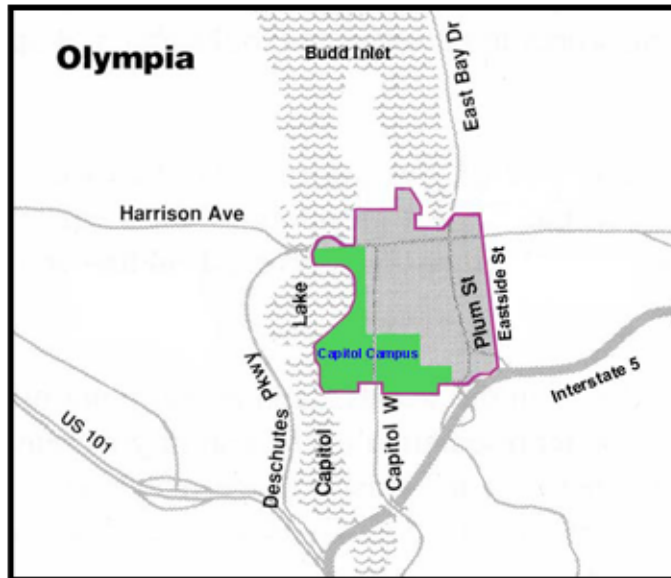
1992 Preferred Development Areas



1998 City of Lacey Revised Preferred Development Areas

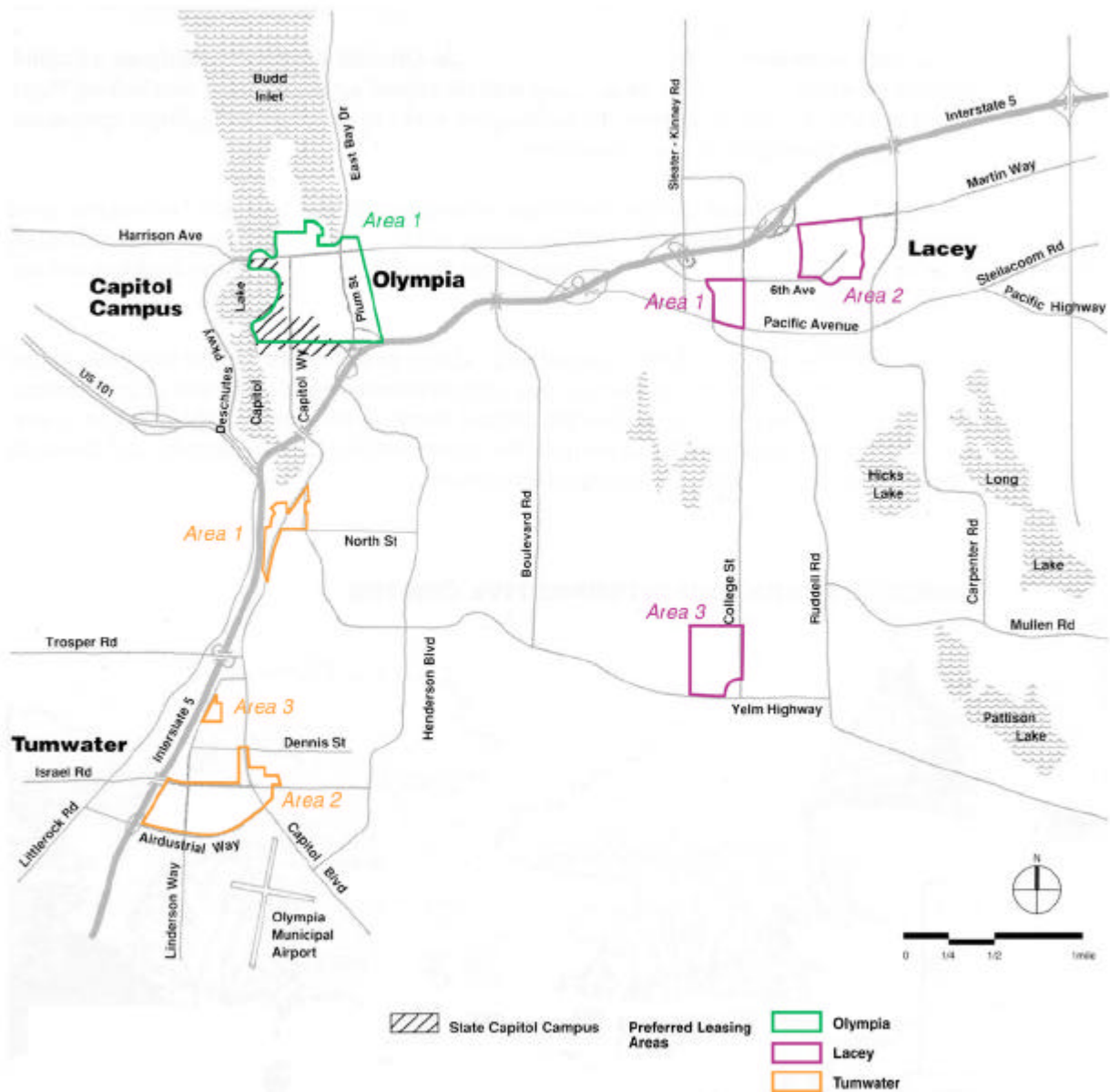


State Capitol Campus



Preferred Lease and Development Areas

Thurston County



Washington State Department of
General Administration

Public Affairs Office - May 1999

Preferred Leasing Area – Areas where State Leasing is Preferred by Local Government

Tumwater has identified three areas: contiguous to the Tumwater Town Center north along Capitol Boulevard; on Linderson in the vicinity of the "Carpet Exchange" building; and in the "Sunset Life/Old Brewhouse" area in north Tumwater.

Olympia's preferred leasing area is the same as their preferred development area.

Lacey has identified two areas in addition to the Lacey satellite campus at Saint Martins. Woodland Square is an office park west of College St and between 6th and Pacific Avenues that has one remaining building site. The Lacey Corporate Center, at the southern edge of Lacey at Yelm Highway and College Street, is substantially undeveloped but has all needed infrastructure in and all off site mitigation completed.

None of the Preferred Leasing Areas have yet been incorporated into the State Capitol Master Plan.

The following table illustrates the distribution of state leased office space within Preferred Development Areas (PDA) and the local government proposed Preferred Leasing Areas (PLA)

Thurston County Office Lease Location Analysis September 28, 1999

| | Number of Leases | % | Square Footage | % |
|-------------------------------------|------------------|-------------|------------------|-------------|
| Office Space in PDA | 104 | 63% | 1,802,952 | 68% |
| Office Space not in PDA | 62 | 37% | 859,653 | 32% |
| Total | 166 | 100% | 2,662,605 | 100% |
| | | | | |
| Office Space in PLA | 98 | 59% | 1,908,736 | 72% |
| Office Space not in PLA | 68 | 41% | 753,869 | 28% |
| Total | 166 | 100% | 2,662,605 | 100% |
| | | | | |
| Office Space in either PDA or PLA | 111 | 67% | 2,009,752 | 75% |
| Office Space in neither PDA nor PLA | 55 | 33% | 652,853 | 25% |
| Total | 166 | 100% | 2,662,605 | 100% |
| | | | | |
| Office Space in both PDA and PLA | 91 | 55% | 1,701,936 | 64% |
| Remainder | 75 | 45% | 960,669 | 36% |
| Total | 166 | 100% | 2,662,605 | 100% |

THE JLARC MODEL: EVALUATING BUDGET AND LIFE-CYCLE COSTS

The decision whether to build or lease facilities is one of the most difficult and potentially costly decisions a state faces. But, these facilities decisions are sometimes based on incomplete and disorganized data. To know if a project is cost-effective, the potential costs and savings for alternatives should be taken into account. The data used must be valid, relevant and reliable. It must also be able to be replicated.

Since 1995, in order to organize our data and make it comparable, the state of Washington has used an integrated life cycle cost model. That model, the JLARC Model, is a Microsoft Excel workbook. It incorporates the full range of financial and benefit factors and translates them into four simple outcomes:

- Cash cost
- Net present value cost
- Cash cost per square foot in base year dollars
- Net present value cost per square foot in base year dollars

These four outcomes can then be compared among alternatives to determine a preferred choice. Alternatives that can be compared include:

- Lease v. lease
- Lease v. purchase
- Construction v. purchase
- Construction v. lease
- One purchase option v. another
- One construction alternative v. another

One additional outcome of the analysis is the ability to generate *pro forma* financial statements. These let tenants know approximate rates (assuming they are paying off “bonds” through their rates) years in advance.

The model also incorporates an assortment of assumption categories that allow for sensitivity testing.¹ For instance, the cost of maintenance can vary widely over time. An entire range of maintenance costs can be entered to show how they will affect the project’s life cycle cost. In the JLARC Model each assumption, including variable inflation, allows for such sensitivity analysis.²

The benefits of sensitivity analysis are:

- Gives decision-makers a wider range for variables so preciseness is not an absolute criteria
- Helps identify possible savings by changing variables (for example, construction that will extend the useful life of the building)
- Allows for backwards calculations (for example, if the comparable lease costs are known the model allows the user to calculate the break even price for an acquisition)
- Enables the decision-maker to weigh risks of error in estimating

¹ This process provides the decision-maker with information regarding how changing assumptions will effect the outcome of the project. It allows the decision-maker to ask and have answers for “what if” questions. Sensitivity analysis shows the decision-maker the outcome when particular variables are changed and the degree of change can be measured to show the relative elasticity of the outcome to the variable change.

² Sensitivity analysis requires running the model more than once.

By using the same assumptions across all projects, the model supports capital rationing decisions.³ By arraying all projects' capital costs and life cycle costs and benefits, a capital-rationing package can be easily developed. Capital rationing maximizes the use of limited capital appropriation capacity by putting together a project "package" which maximizes benefits at the lowest cumulative cost.

The JLARC Model is flexible and easy to use. Assumption information is entered onto one page and the results of background calculations on those assumptions are shown on that same page. Broad ranges of assumption values have been developed by OFM. If experience or detailed estimation leads to a different assumption, that different assumption can be used. Also, specific numbers can be entered onto the model backup pages if general assumptions don't meet the projects needs. The following are the major assumption categories:

- Facility and amortization: Such factors as land value, building value, depreciable life of building, rentable square feet, planning horizon, detail of repair costs, and initial year of the analysis.
- Operating cost assumptions: Costs for utilities, custodial, maintenance, security, insurance, management fees, tenant improvements, capital improvements (during occupancy-not initial), parking, and adverse impact of taking a building off the tax rolls (if applicable). There are categories for "Other Costs" as well.
- Space assumptions: Number of staff who will occupy the space, square feet per staff, other square feet allowances in the building, and vacancy rates in under-utilized space.
- Financing and revenue assumptions: These include bond interest rate, cost of financing, years financed, discount rate, present "lease" cost⁴ if comparisons are being made, and base rent from under-utilized space (if any).
- Moving, equipment and other one-time expenses: Moving expenses, furniture, telephone, data processing and other equipment.
- Inflation assumptions: Most categories have a unique inflation factor that is applied each year throughout the planning horizon. If variable annual inflation rates are going to be used they need to be entered individually on the backup sheets.

The following table lists the assumption categories and ranges for the year 2000.

Range of Assumptions – Adjusted for Inflation – By Year

| Category | Low | Medium | High |
|---|------------|------------|------------|
| Utilities | \$1.05 | \$1.11 | \$1.24 |
| Custodial | \$1.05 | \$1.11 | \$1.24 |
| Maintenance | \$1.10 | \$1.28 | \$1.41 |
| Security | \$0.39 | \$0.56 | \$0.56 |
| Liability and Hazard Insurance | \$0.17 | \$0.22 | \$0.28 |
| Tenant Improvements | \$0.83 | \$1.11 | \$1.41 |
| Capital Replacement Reserve | \$1.10 | \$1.58 | \$1.69 |
| Additional Operating Costs - Leased Space | \$0.22 | \$0.33 | \$0.56 |
| Management Fees | \$0.28 | \$0.44 | \$0.56 |
| Moving Expenses | \$165.57 | \$222.49 | \$281.38 |
| Furniture | \$2,759.53 | \$3,337.36 | \$3,939.28 |
| Telephone | \$110.38 | \$139.06 | \$168.83 |
| Data Processing | \$110.38 | \$139.06 | \$168.83 |
| Other Equipment | \$82.79 | \$111.25 | \$140.69 |

³ Capital rationing is the process of selecting a combination of capital projects, which maximizes the organization return given a predetermined constraint (e.g., a budget limit). The concept behind capital rationing is that some combination of smaller projects might have a better return than one large project that consumes all the available resources. That ideal combination of projects is the objective of capital rationing.

⁴ The present lease cost should reflect the lease alternative being compared. So even though an agency might be presently leasing space, if they are being forced out of that space the lease rate for the space they are being forced out of shouldn't be used in this calculation. If the base year is in the future all leases should be normalized to that base year.

The model uses the assumptions to calculate such factors as bond payment amortization, residual value based on straight-line depreciation, and net preset value of inflated operating costs over the planning horizon. These factors are then imported into the cash flow and net present value answers.

In summary the JLARC provides:

- The ability to find easy answers to multiple variable manipulations
- Improved decision-making
- Faster decision-making
- Assumption validity and reliability
- Cost savings identification

For an example of a recently submitted JLARC Cost Model see Appendix B.

STATE LAWS GOVERNING OFFICE PROCUREMENT

Procurement Options:

Office buildings may be procured in one of two ways:

1. For privately-owned property that the State leases or develops, in accordance with RCW 43.82.010 (see Appendix C for the full text of this section). In short, GA, on behalf of the requesting agency, has authority to:

- Purchase, lease or lease purchase improved or unimproved real estate;
- Determine the location, size and design of that real estate according to GA and OFM-approved standards;
- Fix the terms and conditions of each lease with GA having authority to enter into 10 year leases and OFM having authority to approve 20 year leases subject to favorable life-cycle cost benefits;
- Lease and/or sub-lease to other agencies;
- Alter or improve any real estate for costs under \$25,000. When costs exceed \$25,000, the state public works laws must be followed.

2. For property that the state owns or intends to own in the future (*emphasis added*), construction is required under state public works laws in accordance with RCW 39.04 and 39.10. This requires the state approve plans and specifications of the building, develop and approve a cost estimate, follow prevailing wage laws and follow certain rules during construction that do not apply to lease development projects. This public works process was followed during the construction of Ecology's lease purchased building.

ONE OR TWO STEP PROCUREMENT

Methods of Acquisition/Lease:

One-Step Acquisition/Lease: Purchase an existing facility (land and building) or when an existing facility is not available, advertise for the land and building simultaneously. Recent examples of purchasing an existing facility includes the Yakima office building for the Department of Social and Health Services and the purchase of the University of Puget Sound downtown Tacoma Norton Clapp Law Center for a multiple agency co-location site. Examples of soliciting for the land and building simultaneously are the Employment Security Department's facility in Seattle and the Department of Licensing facility in Tacoma.

Two-Step Acquisition/Lease: First, advertise for the land only. Then, under a separate process, go out for lease development where a developer would propose to build on the state acquired land. This method was used in the Labor and Industries and Ecology building projects.

Blended Method: This method has yet to be fully developed. However, there is some desire by many parties to come up with a blended approach combining the one-step and two-step processes. It is initially believed that this approach would maximize opportunities for both investor-developers and non-investor developers.

The chart below illustrates the strengths and weaknesses of each of the methods described above.

| | One-step Acquisition/Lease | Two-step Acquisition/Lease | Blended |
|-------------------|---|---|---|
| Strengths | <ol style="list-style-type: none"> 1. Provides opportunity for land/building owners/developers to propose projects. 2. Local developers are more knowledgeable of local building codes and requirements. 3. Acquisition takes less time. | <ol style="list-style-type: none"> 1. The state controls the site selection process. 2. Allows state to control the location of a facility. 3. Allows for a wider range of competitors. 4. Evaluation of proposals is based on construction element only. | <ol style="list-style-type: none"> 1. Gives state opportunity to look at all development possibilities. 2. Provides flexibility to build on either state or privately-owned property. 3. Has all the benefits of the one and two-step processes. |
| Weaknesses | <ol style="list-style-type: none"> 1. Closed process results in perception the process isn't competitive. 2. Number of competitors is limited. 3. Site and facility location selection is limited. 4. More difficult to compare building quality in relationship to land acquisition costs. | <ol style="list-style-type: none"> 1. Some land-owning developers will not sell land unless they can build project. 2. Acquisition process takes longer. | <ol style="list-style-type: none"> 1. Not necessarily a time saver. 2. May not allow "apples to apples" comparisons. |

PAYING FOR NEW OFFICE BUILDINGS

Beginning in 1995, state agencies in new or substantially renovated space are required to pay the debt service associated with that construction.

RCW 43.01.091 Departments to share debt service costs. It is hereby declared to be the policy of the state of Washington that each agency or other occupant of newly constructed or substantially renovated facilities owned and operated by the department of general administration in Thurston county shall proportionally share the debt service costs associated with the original construction or substantial renovation of the facility. Beginning July 1, 1995, each state agency or other occupant of a facility constructed or substantially renovated after July 1, 1992, and owned and operated by the department of general administration in Thurston county, shall be assessed a charge to pay the principal and interest payments on any bonds or other financial contract issued to finance the construction or renovation or an equivalent charge for similar projects financed by cash sources. In recognition that full payment of debt service costs may be higher than market rates for similar types of facilities or higher than existing agreements for similar charges entered into prior to June 9, 1994, the initial charge may be less than the full cost of principal and interest payments. The charge shall be assessed to all occupants of the facility on a proportional basis based on the amount of occupied space or any unique construction requirements...

Although tenants in the Natural Resources Building completed in 1992 pay \$9.85 per square foot per year towards debt service, they do not pay all of it. Ecology, the Attorney General, and Department of Licensing do, however, pay the entire lease purchase or debt service for their headquarters. This same law would govern future construction projects.

Conceptual Debt Service Scenarios

The state traditionally retires its debt in equal payments over 25 years. On occasion, however, it elects a graduated payment schedule.

To illustrate the differences, if the state were to borrow \$60 million at an annual interest rate of 5.75% and repay over 25 years, the monthly debt service would be \$377,463.84. This would equate to \$19.27 per rentable square foot (rsf) per year for a 235,000 square foot building.

If, however, the state used graduated monthly payments at a marginally higher 5.85%, the starting monthly payment would be \$300,208 or \$15.33 per rsf foot per year. Each year the monthly rate would increase by \$7,505 reaching \$27.72 per rsf in year 25.

Parking Analysis

The cost to accommodate employee and visitor parking is a major project expense, sometimes reaching one fourth of the project budget. How much should the State spend to build, maintain and manage parking? How many stalls are required in the current zoning codes and ordinances? How can the state demonstrate to the local jurisdiction that, if allowed to build fewer parking stalls, sustainability of the project site areas will be enhanced?

Cost to Construct Parking Facilities:

- Surface lots: \$1,000 to \$4,000 per stall.
- Structured Parking: \$5,000 to \$12,000 per stall.
- Underground: \$17,000 to \$20,000 per stall.
- \$175 per stall per year for striping, cleaning, and real estate taxes

Parking requirements vary between jurisdictions as illustrated below:

Parking Requirement Ratios in Olympia

- 0 in downtown (CBD) area (could have an “in lieu of parking” fee)
- 3.5/1000 SF outside CBD, except
- minus 10% (in periphery to CBD area) or
- minus up to 40%, based on specific criteria, including effective TDM program

Parking Requirement Ratios in Tumwater

- 3.5/1000 SF
- minus up to 40%, based on specific criteria, including effective TDM program

Parking Ratios in Lacey

- 2 /1200 to 6/1200 SF
- minus up to 50%, based on specific criteria, including effective TDM program

The following tables show how these ratios would be applied using two notional projects, one at 350,000 square feet and the other at 232,000 square feet.

Table 1: Local Parking Code Ratios:

| | Notional Project A | Notional Project B |
|------------------------|---------------------------|---------------------------|
| Sq. feet requested | 350,000 sq. ft. | 232,000 sq. ft. |
| Employees @ 215 sq. ft | Up to 1628 | Up to 1079 |

| | | |
|--|-----------------------------|----------------------------|
| Olympia/Tumwater @3.5 stalls per 1000 sq. ft. | 1225 stalls .75/employee | 812 stalls .75/employee |
| With 10% variance | 1003 stalls .61/employee | 731 stalls .68/employee |
| With 40% variance | 750 stalls .46/employee | 487 stalls .45/employee |

| | | |
|-------------------------------|--|--|
| Lacey @ 6/1200 (1/200) | 1749 stalls 1.7/employee | 1160 stalls 1.08/employee |
| @ 4/1200 (1/300) | 1166 stalls .71/employee | 773 stalls .72/employee |
| @ 2/1200 (1/600) | 583 stalls .35/employee | 387 stalls .36/employee |
| With 50% variance | 291 to 875 stalls .17 to .53/employee | 193 to 560 stalls .18 to 52/ employee |

Table 2: Comparison of Ecology and L&I to respective city standards:

| | GSF | # Emp. | GSF/ Emp. | 215 SF/ Emp. Ratio | Parking Stalls | 3.5/1000 Code Ratio | Parking/ Emp. Ratio |
|--------------------------|---------|--------|--------------|--------------------------|-------------------|---------------------------|---------------------------|
| Ecology | 323,744 | 1,000 | 323.74 | 1,505.79 | 808 | 1,133.1 | 0.81 |
| L & I | 420,000 | 1,800 | 233.33 | 1,953.49 | 1,485 | 1,470 | 0.83 |
| Woodland Sq./Laceys | 487,488 | 1944 | 250.77 | 2,267.39 | 2,045 | 1,706.21 | 1.05 |
| Point Plaza West/Tum. | 155,305 | 650 | 238.93 | 722.35 | 543 | 543.57 | 0.84 |

Note: the above employee numbers are based on the data from the 1999 CTR Surveys

* DOT, DSHS, NRB, Highways- Licenses, ESD Buildings (Capitol Court not included)

Table 3: Parking on East Campus

| Garage | Total Parking Spaces | Zone Parking Spaces | Number of Employees Assigned | Parking Spaces per Employee | Non-East Campus Employees | East Campus Employees |
|----------------|----------------------------|---------------------------|------------------------------------|-----------------------------------|---------------------------------|--------------------------|
| OB2 | 66 | 0* | 7 | N/A | 0 | 7 |
| Transportation | 316 | 203 | 210 | 0.97 | 0 | 210 |
| NRB | 1057 | 801 | 1096 | 0.73 | 119 | 977 |
| Plaza | 2269 | 1975 | 2400 | 0.82 | 238 | 2162 |
| Total | 3708 | 2979 | 3706** | 0.80 | 357 | 3356 |

* Most of the parking spaces in the OB2 Service Level are occupied by service vehicles.

** The number of employees assigned to these garages includes Department of Information Services employees and Attorney General employees working at Capitol Court.

TRANSPORTATION DEMAND MANAGEMENT: A STRATEGY FOR REDUCING PARKING AND LOWERING OVERALL PROJECT COSTS

Washington State agencies have not, for the most part, taken very aggressive Transportation Demand Management (TDM) actions to reduce single occupant vehicle (SOV) commuting, reduce the demand or cost for parking, or to reduce overall facility costs.

There are exceptions, however.

- Some agencies such as GA have implemented cash incentives for employees who do not drive to work alone thereby freeing up parking space for others.
- Other agencies such as DSHS have shifted from individually assigned or agency assigned parking spaces to larger unassigned zones thereby allowing more cars to be accommodated in a given parking area.
- Ecology sized its headquarters parking for that future time when they will have achieved an overall 35% reduction in SOV commuting as required by the state Commute Trip Reduction (CTR) Law.

We have learned from the experiences of other public agencies and private employers such as the Weyerhaeuser Company that properly funded TDM and CTR programs can both reduce SOV use, ease congestion and reduce overall capital spending. This section shares some of those experiences suggesting that future State projects, whether they be privately or publicly developed, be more ambitious and be more cost effective.

Transportation Demand Management: An Overview

Introduction

Transportation Demand Management (TDM) strategies can be classified into three broad categories.

- Area-wide strategies:- implemented and supported by regional governmental units such as Intercity Transit.
- Employer-based strategies:- strategies that are implemented by and through employers.
- Land use strategies:- focussed around zoning policies, mitigation, and site design. While their impacts may be difficult to measure, they are an essential part of the operating environment and can provide significant support to other TDM strategies.

Best Package of Options

Recent studies such as *Implementing Effective Travel Demand Management Measures* continue to confirm that the most effective package of strategies includes the following:

- Restricted parking capacity
 1. 30% to 60% difference between number of parking spaces and number of employees
 2. Preferential parking for carpools and vanpools
- Parking charges (cost, equal to, or exceeding market rate and greater than cost of transit pass)
- Financial Incentives for all alternative modes (subsidy per mode or direct payment to users)
- Strong on-site management support

The following tables describe a package of TDM strategies classified by the level of effectiveness in reducing single occupant vehicle trips. "Effectiveness" is defined as: High = greater than 20%; Medium = 10% - 20%; Low = under 10%. Cost is a more difficult measure to calculate, and here the TDM literature is somewhat inconsistent as to monetary costs.

Low Level of Effectiveness and Cost (less than 10% impact)

Area-wide strategies

- Public education and marketing
- Ridematching services
- Transit services
- Vanpool services
- Required percentage of HOV preferential parking spaces

Employer-based strategies

- On site support
 - Management support
 - ETC
 - In house promotion
- Alternative work schedules and telework policies
- Guaranteed Ride Home program
- Parking management, including
 - restricted parking capacity (significantly fewer parking spaces than employees)
 - shared/zoned parking (non-assigned parking)
 - preferential parking for carpools and vanpools

Land use Strategies

- Transit/pedestrian friendly design, orientation and location
- Facility amenities that support alternative modes, such as secure areas for bicycles, lockers and showers, ATMs, and food service

Medium Level of Effectiveness and Cost (10-20% impact)

- All of the above, and

Employer-Based Strategies

- Flex pass for state employees
- Direct financial incentives to all alternative mode users

High level of Effectiveness (more than 20% impact)

- All of the above, and

Employer-Based Strategies

- Parking charge, equal to or exceeding “market rate” cost of parking and the cost of a local transit pass

TDM Recommendations

- 1. TDM planning should be integrated with the facility site planning currently underway.** A cross-agency team should be established once the preferred site is identified to develop specific TDM program recommendations. In this way, strategies to reduce travel demand would be considered equally with strategies to increase capacity, and that all significant impacts would be considered.
- 2. The facility should have restricted parking capacity** in that the number of parking spaces should be significantly less than the number of employees.
- 3. A parking charge should be implemented** that meets or exceeds the “market rate” and especially the cost of transit.
- 4. Financial incentives should be provided to all employees who use alternative modes**, at a rate equal to, though preferably higher than the parking charge. And the rate should be the same for all agencies located on site.
- 5. The worksite should operate one TDM/CTR program**, rather than individual programs operated by the individual agencies on-site.

Evaluation of selected TDM strategies based on literature search

Table 1 – Low Impact Strategies

| Levels | Supports | Potential Effectiveness | Cost |
|--|--|--|----------------|
| Low (Base) Level of Effectiveness | | Average of 2% to 10% reduction in SOV trips | |
| Area-Wide Strategies | | | |
| Public education & Promotion | All TDM strategies | Medium (Increases effectiveness of other strategies up to 3%) | Low-medium |
| Area-wide ridematching services | Carpooling, vanpooling | Low to medium (0.1 – 3.6 %) | Low |
| Transit services | Most TDM strategies | Medium (Up to 2.5% and even more if transit frequency is increased—0.5% to 3% additional for an increment of 5 minute change) | Medium to high |
| Vanpool services | Ridematching services, GRH, preferential parking | Medium (Up to 8%) | Medium |
| Employer-Based Strategies | | | |
| On site support (ETC, in-house ridematching, information distribution, promotion) | All TDM strategies | Low to medium (depends on depth of management support and quality of ETC) | Low |
| Carpooling | Ridematching, GRH, preferential parking | Medium to high (depends on supporting elements) | Low |
| Vanpooling | Ridematching, GRH, preferential parking | Medium to high (depends upon supporting elements) | Low |
| Alternative Work Schedules and Telework Programs | Ridematching, | Medium | Low |
| Guaranteed Ride Home Program | Transit, vanpooling, carpooling | Unknown (this strategy is purely a support element) | Low |
| Parking Management <ul style="list-style-type: none"> restricted parking capacity zoned/shared parking preferential parking | Transit, carpooling, vanpooling | Medium (the tighter the parking capacity, the more effective the impacts) | Low |
| Land Use Strategies | | | |
| Transit/pedestrian-friendly design and location | Transit, vanpool, carpool, bicycling, walking | Medium | Medium |
| Facility amenities (such as bike lockers, changing and showering facilities, ATMs, cafeteria) | All TDM strategies | Low to Medium | Low |

Table 2 – Medium Impact Strategies

| Level | Supports | Potential Effectiveness | Cost |
|---|---|---|---------------|
| Medium Level of Effectiveness | | Average of 10%-20% reduction in SOV trips | |
| Employer-Based Strategies | | | |
| Transit/vanpool subsidy | Transit, vanpool, GRH, preferential parking | Low to Medium (depends upon rate of subsidy:- the higher the subsidy, the more effective; and transit service available) | Low to medium |
| Universal/flex pass program for state employees such as STAR Pass concept | Transit, vanpool, GRH | Medium to High (depends on quality of transit service and what else is included) | Medium |

Table 3 – High Impact Strategies

| Level | Supports | Potential Effectiveness | Cost |
|---|--------------------|---|---------------------------------------|
| High Level of Effectiveness | | Average 20% to 30% reduction in SOV trips | |
| Employer-Based Strategies | | | |
| Parking charge | All TDM strategies | High (20% - 30%) (depends on the amount of the parking charge) | Low (produces revenue for program) |
| Financial Incentives for all Alternative Users | All TDM Strategies | High (20% - 30%) (depends upon the amount of the incentive and the availability of alternatives) | Low to medium |
| On-site support Strong, visible, and continuous management support, especially “walking the talk” 1/2FTE to 1FTE as ETC | All TDM strategies | Unknown (while this is difficult to measure, without this element, the effectiveness of the others will decline over time) | Low to medium |

TDM Strategies Defined

Parking Management

Parking is critical to mode choice. The availability of ample free parking is the single greatest incentive to driving alone. Free parking represents a subsidy that encourages driving alone and contradicts TDM objectives. Restricted parking, with competition for spaces, provides pressure to find and use alternatives. Those sites with the best TDM program results are those where parking is restricted or managed in some way. (*Implementing Effective Travel Demand Management, Comsis/ITE, 1993*). Assigning employees to a group (or "zone") rather than individual designated spaces typically allows 20% or more users to park, since some employees are away at any particular time for a multitude of reasons. (*Shared Parking*, Urban Land Institute, 1983; Robert Johnson and Raju Ceerla, "Effects of Land Use Intensification and Auto Pricing Policies on Regional Travel, Emissions, and Fuel Use." 1995 pp 3-11).

More parking is sometimes needed to meet peak parking demands that occur infrequently. In such a case, rather than expand the parking area, an "overflow parking plan" could be developed that makes use of off-site parking and perhaps special shuttle service.

Moreover, parking constraints provide a basis for allocation of parking to efficient modes through preferential parking areas or pricing. The simplest way to reduce parking demand and in the process, enhance the attractiveness of alternatives, is to charge users directly for the privilege of parking. Charging employees for parking typically reduces SOV use to the worksite by 20% to 40%. (Donald Shoup, "Employer Paid parking", *Transportation Quarterly*, April 1992. V46. N.2, p172; "Opportunities to Improve Air Quality Through Transportation Pricing", Office of Mobile Sources. Environmental Protection Agency. 1997 Table 3-1). Parking charges also produce revenue that can be used to support other TDM strategies.

The following table provides some indication of the potential trip reductions from parking pricing.

Trip Reductions from Daily Parking Charges

| | \$1.00 | \$2.00 | \$3.00 | \$4.00 |
|---------------------------|---------------|---------------|---------------|---------------|
| Suburb | 6.5% | 15.1% | 25.3% | 36.1% |
| Suburban center | 12.3% | 25.1% | 37.0% | 46.8% |
| Central business district | 17.5% | 31.8% | 42.6% | 50.0% |

(Philip Winters and Daniel Rudge, *Commute Alternatives Education Outreach*, NUTL-Center for Urban Transportation Research, 1995, Table 3.3-8)

Parking, when not free, is often rented monthly, and "long term users generally receive "bulk discounts." It would be more efficient to "rent" parking on a daily basis, or to give a discount on monthly charges for days not used. For example if full time parking costs \$50 per month, employees should be able to pay \$30 if they agree to only drive 3 days per week (and provide documentation). This gives employees a financial incentive to use alternative modes when possible.

Financial Incentives

Potentially as valuable as a parking charge are direct financial incentives or subsidies for those who do not drive alone. Such incentives are much easier to gain acceptance than parking charges, but conversely have a more difficult time being funded. The incentives range from discounted or free HOV parking, where others pay a charge, to subsidized transit or vanpool fares to direct cash payments for all non-drive alone uses.

The majority of successful and effective TDM programs include some type of financial incentive to those who do not drive alone. (*Implementing Effective Travel Demand Management Measures*, Comsis/ITE, 1993; Scott Rutherford, et al, “*Transportation Demand Management: Case Studies of Medium-Size Employers*”, Transportation Research Record, #1459, 1995, p.15). A very significant impact will be attained by providing **direct financial incentives** to those who use alternatives to driving alone, as opposed to the other types of financial incentives. That does not mean a subsidy program cannot co-exist with a direct financial incentive program. For example, a program may allow employees to choose between getting a direct financial incentive—which is taxable—or subsidizing a bus pass—which is non-taxable. Based on recent experience, the amount of the incentive should be **at least \$2.00 a day**.

The greatest impact occurs when financial incentives are complemented by a parking charge, and that the potential total amount of the direct financial incentive equals or exceeds the amount of the parking charge. (*Implementing Effective Travel Demand Management Measures*. Comsis/ITE. 1993. Tables 3.2-3 and 3.4-1).

Employer On-site Support

In order to implement and maintain a successful TDM program, there must be a significant level of on-site support. This support should include the appointment of an employee transportation coordinator (ETC), a large part of whose CQ should be dedicated to the program. Employees are more likely to participate in TDM programs if they receive direct encouragement from the organization’s management, in the form of continuous strong positive messages and management “walking the talk”. (Ali Modarres, “*Evaluating Employer-based Transportation Demand Management Programs*”, Transportation Research Board #27A. N.4. 1993. pp.291-297).

Two of the criteria for success that has been identified since the Commute Trip Reduction Law was implemented has been the strong, visible support of management and an enthusiastic ETC.

The ETC should maintain an in-house ridematching system or support a ridematching program that is provided by the transit agency and is more site-based. The effect of personalized assistance is hard to measure, but it is certainly one of the most oft-mentioned anecdotal indicators of success. Therefore, the amount of time an ETC can devote to the program is a critical element in the program’s success.

Carpooling

Carpooling is the most popular and a common element of success in most TDM programs, because it represents the most flexible alternative for employers. However, the success of carpooling in terms of trip reductions is dependent upon its combining with other measures, such as financial incentives, preferential parking, parking charges, and a guaranteed ride home program.

Vanpooling

Vanpooling can have a significant effect—with a concerted effort and if combined with other supporting measures, including financial incentives, preferential parking, parking charges, and a guaranteed ride home program. In fact, since vanpool subsidies are non-taxable, vanpoolers may be provided with a choice of a direct financial incentive or vanpool subsidy (taxable vs. non-taxable).

Transit

While the effects of recent cuts and future ones may make transit less attractive in some areas, the proposed preferred sites for the project may not be significantly affected. In fact, if a prepaid Thurston County bus pass for all state employees is implemented, the results will be more convenient access to transit as well as increased service in certain high employment areas, such as the proposed sites.

Transit-Pedestrian Friendly Design

Sidewalks, bike paths, building orientation and design play an important support role in the access to the site by transit, bicyclists and walkers. However, the location of a building in and of itself can produce trip reductions because of the nature of the infrastructure in the vicinity. Without a more transit-pedestrian friendly design and building orientation, transit service will not be as effectively utilized.

Facility Amenities

Bike lockers or sheltered, secure areas for bicycle storage, clothes lockers and showers are important elements, but only for a small percentage of the employees. Even so, they may significantly enhance non-motorized trips even if they do not produce large vehicle trip reductions overall.

Section II. Study Plan Update

SPECIFICATIONS FOR NEW STATE OFFICES

Defining and describing the state's specific office facility development standards is a necessary first step in considering and comparatively evaluating alternative development strategies for the needed space for a planned project. The intent is for the state to receive beneficial occupancy of a facility of exactly the same quality regardless of the development strategy employed.

A development strategy has three inter-related components:

- The facility delivery method
- Financing mechanism
- Ownership

In general terms, the facility delivery methods are public works or private development.

Possible development strategies are defined and contrasted in State of Washington Development Strategies for State Office Development, March 1994, as follows:

- Public works, financed by general obligation bonds
- Public works, financed by Certificates of Participation
- Privately developed/financed, sold to the state upon completion
- Privately developed/financed, leased to the state with option to purchase (Lease Development)

State actions to lease space for its needs are accomplished in accordance with Leased Space Requirements, Washington State Department of General Administration, Division of Real Estate Services.

In accordance with those requirements, the state, via public advertisements, requests proposals for finite amounts of space it seeks to lease with required occupancy dates. Prospective landlords then propose both physical descriptions and lease terms and conditions as part of the prescribed competitive process. The state's requirements and the competitive processes involved have evolved in significant detail over the years largely because of the significant amount of space procured by the state via its lease development programs.

The Co-location Transportation Agencies Study involves definition of the agency's current and future facility needs, together with comparative analysis of alternative development strategies for co-location of the transportation agencies. Concurrently, there is a consolidation study being done for the Department of Health which also has programs spread throughout the Olympia area. During the course of discussions about the two projects, it became apparent that there are a variety of definitions for state office buildings.

To facilitate developing a uniform definition of a large state office building and its normative cost, at least for the purpose of this study effort, NBBJ hosted a work session with the state and private real estate interests in the Olympia area who now lease space to the state. The goal was to define a non-monumental, efficient, flexible office building that will meet the needs of the state today and into the 21st century.

During the work session, examples of recently built office buildings were critiqued. These include the state's Labor & Industries and Ecology Buildings, built in the early 1990's. Other examples were four recent NBBJ office projects in Seattle. In addition, the state gave a presentation on the specifications it employs for leased space. Currently there are varying standards for facilities that state employees work in. Typically, state-developed and owned buildings are of better quality than leased facilities, standards for which vary greatly.

STANDARDS

Out of this work session came a list of standards to which state office buildings should be developed. The standards pertain to the usual CSI specification items, like building materials and systems. These standards are meant to supplement the state's office building design and construction standards having specific requirements and criteria of approved materials and systems, as well as describing certain materials and systems that are undesirable.

The standards also address a broader range of issues including the site layout, the building, and the process of planning, designing and building construction. These include issues such as the perception, quality, functionality, security, and 'experience' of the building and site. These are characteristics that are not typically dealt with in specifications but are critical because they make the difference between a quality successful project and a poor or indifferent building and site.

Following the cost of standards is a list of sustainable design and building practices which the state should follow whenever possible.

Materials and Systems

General: Buildings must

- Have a minimum 50-year life expectancy
- Have systems that provide for continuous capacity to operate and serve the public
- Meet all ADA requirements and provide barrier-free universal access
- Be designed for and constructed with materials that provide indoor air quality that assures a healthy work environment
- Have at least one loading dock with storage areas for waste and recycling
- Use sustainable materials and systems whenever possible and cost effective

Structure:

- Construction type should be II – FR or I – FR.
- Avoid concrete post tension, as it restricts flexibility
- Provide large clear spans to provide maximum flexibility in open work areas
- Minimum bay size 30'x30'
- No columns 4 feet or less from exterior wall
- Minimum 13' floor to floor height
- Design system that does not vibrate

Exterior Closure:

- Exterior building materials should be good quality and low maintenance
- Brick, pre-cast concrete panels, curtain wall are acceptable
- No stucco, dryvit or substitutes
- Glazing should be energy efficient – low e

Roofing:

- Design for limited human access
- Provide pedestrian pads and parapets
- Design with adequate slope for good drainage
- Minimize roof penetrations through design
- Minimum 20 design life

Interior Construction:

- Use durable and easily maintained materials
- Use systems furniture laid out in modules for flexibility in space use

Mechanical:

- Mechanical systems should have multi-zone capacity and be of high quality, with long operating life
- System needs to be easily accessible for maintenance and replacement
- Control output of heat, dust, fumes and noise
- Define and design for maximum acceptable noise level
- Systems should have isolators and 4-way diffusers
- System should have appropriate-sized zones, so that airflow speed/duct size is acceptable and efficient

Electrical:

- Lighting systems should provide indirect and direct lighting
- Provide good security systems
- Provide additional electrical capacity
- Provide emergency power in areas of frequent outages

Technology:

- Buildings should be wired and designed with space/capacity for flexibility to provide for future and changing technological needs
- Provide for video conferencing capacity in conference rooms and where groups of people may gather
- Provide LAN data outlets in conference rooms
- Design and provide for efficient, accessible wire management

Design and ‘Experience’

Appearance

- Buildings should have dignity and human scale
- Buildings should express stewardship and public trust
- Buildings should not appear institutional.

Siting and landscaping

- Locate and design structures to respond and relate to surrounding site and context
- Buildings should enhance the surrounding community
- Provide landscaping and clear pedestrian access at perimeters of buildings
- Provide landscaped outdoor public/employee amenities

Access and site circulation

- Promote and access public transportation
- Have only minimal parking (short term) located directly adjacent to building
- Separate pedestrian and vehicular traffic
- Have good public access with visible, easily accessed entrances and public lobbies
- Provide close ADA parking to each accessible entry
- Provide clear circulation and way finding around the site

Internal space and layout

- Should aid productivity
- Layout should ensure employee security
- Buildings should be designed to permit flexibility and expansion
- Public lobbies should withstand high traffic and have security and access control
- Circulation and way finding in building should be clear
- Provide adequate amount of vertical circulation in convenient locations
- Offices should have a minimum ceiling height of 10’ or exposed structure
- Provide as much fenestration and natural light as allowed under code
- Building should not have “warehouse” type floor plans with large distances from exterior walls and natural light
- Building core should have capacity for additional systems or change of services

User amenities

- Building should have showers and lockers to help promote commute trip reduction
- Building should have a flexible break area and ‘personal’ spaces
- Provide food service adjacent to meeting rooms
- Provide filtered water for consumption

Building Systems

- Building systems need to accommodate 24-hour workday

Project Process

- Good communication and a clear process are essential
- Use good consultants, contractors during process
- Strive to get best value for money spent
- Test building design against possible future trends in technology and office environments

TECHNOLOGY NEEDS IN OFFICE BUILDINGS

As we move into the 21st century the levels of information systems and technology used by employees continues to change. What are the best ways to plan and design an office building to meet these demands?

It appears we are in the beginning of the next wave of solutions to deal with providing fast and efficient availability of voice/data needs through wireless means. Ten to fifteen years from now wireless bandwidth systems may be both cost competitive and powerful enough to serve all voice and data distribution. Digital switching capabilities will give buildings more control in power outages and the ability to provide employees an internal private telephone network. As computer horsepower continues to increase, more and more people will work on portable laptops.

Until then, access flooring will provide the best response and flexibility to wire management issues. Access flooring is also a means of providing a superior air distribution system. The new types of access flooring available to provide these superior services come at the price of a higher shell and core cost. Since wireless systems would not require access flooring, the added cost must be considered in the light of the time when wireless technology becomes available.

At the very least, an efficient office building will have fiber-optic or a combination of copper and fiber-optic wiring, enough data jacks to accommodate different desk configurations, and a communications room large enough for telephone, computer, network systems and staff, if necessary. Ceiling systems, whether dropped or exposed, should provide easy access to color-coded wiring and cabling.

SUSTAINABLE DESIGN & BUILDING PRACTICES

The following sustainable practices should be used:

- Planning Sustainable Sites
- Landscaping for Erosion Control
- Reduce Heat Islands
- Infill Development
- Reduce Habitat Disturbance
- Site Preservation/Restoration
- Efficient Building Location
- Alternative Transit Facilities
- High Energy Efficiency
- Building Commissioning
- Natural Ventilation, Heating and Cooling
- Waste Heat Recovery
- Renewable/Alternative Energy
- Conserving Materials and Resources
- Elimination of CFCs/Halons
- Storage/Collection of Recyclables

- Resource Reuse
- Recycled Content Building Materials
- Construction Waste Management
- Use of Local Materials
- Enhancing Indoor Environmental Quality
- Indoor Air Quality
- Thermal Comfort
- Indoor Air Quality Management Plan
- Low VOC Materials
- Permanent Air Monitoring
- Chemical Storage Areas
- Architectural Entryways
- Safeguarding Water
- Water Conservation
- Elimination of Lead
- Water Conserving Fixtures
- Water Recovery System
- Water Conserving Cooling Towers
- Water Efficient Landscaping
- Surface Runoff Filtration
- Surface Runoff Reduction
- Biological Waste Treatment
- Measurement and Verification

UNIT COSTS FOR NEW STATE OFFICE BUILDINGS

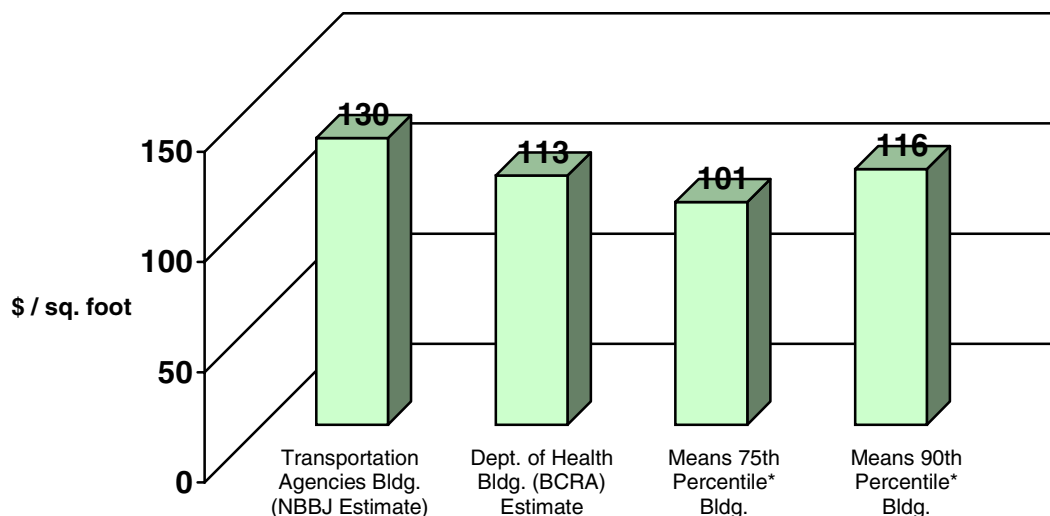
Preliminary project costs have been estimated for a new Transportation Agencies building and for a Department of Health building. Estimates were based on the preceding "level of quality" outline specification. This was developed as part of a facility consolidation study prepared for the Department of Health by Architects Brown Connally Rowan Akiyama (BCRA), and on specification considerations developed and coordinated by Architects NBBJ during a feasibility study for the Transportation Agencies building.

The costs estimated included the "hard" construction costs for the respective buildings, "hard" costs for site preparation, and the complete set of "soft" costs that accompany projects, such as design, other technical consulting, furnishings and equipment, permits, performance bonds, administration and planning, taxes, contingencies, mitigation, and the other items included on State Form C100. A list of all of the cost elements estimated for the projects, as shown in the chart. Estimates were jointly developed by BCRA (for the Department of Health building), NBBJ (for the Transportation Agencies building), the respective owner agencies, and Engineering and Architectural Services, GA. The "hard" costs for the buildings are displayed on the accompanying graph. The "soft" costs have been estimated to be about 37% of the total project cost for each project.

At the current state of preliminary project definition (pre-design not started), there are still some uncertainties. For example, a specific site was not considered in the Department of Health estimate. Instead, a reasonable site was assumed, and potential additional costs factors indicated but not included in the estimate. Both projects were estimated as though they were Public Works (with GC/CM) projects, even though other options are possible. For both facilities, assumed costs for mitigation were included, based on very preliminary conversations with appropriate jurisdictions. The general quality level of the structures are generally understood to be consistent between the Department of Health and Transportation Agencies buildings, but specific footprints and some features are still not firm (and may be different).

Nevertheless, project definition was sufficient to allow industry and state-accepted parametric estimating methods to be used for "hard" and soft "costs". The estimates can be considered to be accurate enough (considering the included contingency amounts) for budgeting purposes, for the buildings as currently sized and defined. Comparisons between the architect estimates for the Transportation Agencies and the Department of Health buildings were made, to validate that estimates of buildings with similar specifications and use should be similar, with differences being attributable primarily to specific design features. (For example, the Transportation Agencies Building estimate reflects a building with a footprint that creates substantially more "skin" area, so the per-square-foot costs are higher than the essentially rectangular DOH building.) Estimates were also compared (see chart) with estimates by E&AS using R.H.Means data for western Washington, adjusted to Olympia. The estimate reviews, and comparisons, confirm the reasonableness of the estimates.

Building "Hard" Cost Estimates



"Hard" and "Soft" Building Costs

| "Hard" costs | "Soft" costs |
|--|---|
| Acquisition costs Purchase/lease cost Appraisal and closing cost Right of way costs Demolition costs Construction Contracts Site work Building construction Sewer, water connection fees | Consultant services Predesign services A/E basic design services A/E extra services Other technical services Design services contingency Construction Contingency Management reserve Allowance for change orders Sales tax on construction Equipment Costs Fixed and furnishings Movable equipment Furnishings Information technology Sales tax Artwork Other Costs Financing costs Moving costs Utilities/temporary facilities security services Master use permits Building permits Performance and payment bonds Claims review board Contract administration Agency GC/CM fees GC/CM pre-construction services Related project costs Mitigation |

STANDARDS FOR SPACE

Standards for space use need to be used recognizing that there are differences between standards and actual performance. Standards are useful for planning new space assignments, but they may be difficult to apply to existing ones, particularly in older buildings. There is BOMA survey data which suggests more square feet are needed per FTE for older buildings.

Comparable Office Space Utilization Rates

| Source | Description | Derived Rentable SF per person | Derived Gross SF per person |
|---|-----------------------------------|--------------------------------|-----------------------------|
| BOMA 1997 Experience Report | U.S. private sector | 294 | 314 |
| | U.S. government sector | 245 | 262 |
| Arthur Andersen LLP | Private sector (target) | 300 | 321 |
| | Technology firms (actual sample) | 247 | 264 |
| Lucent Technologies Mobil Corporation Dun & Bradstreet Corp. AT&T | Occupancy density targets | 209-228 | 224-244 |
| | Overall target | 270 | 289 |
| | Standards for headquarters | 228-240 | 244-257 |
| | Avg. per person (largest 280 rsf) | 210 | 225 |
| Australian government Canada State of Texas State of Missouri State of Oregon | Planning figure | 193 to 233 | 207-249 |
| | Avg. per person | 256 | 274 |
| | Current statewide average | 281 | 301 |
| | Current statewide average | 240 | 257 |
| | Maximum allocation (threshold) | 240 | 257 |
| State of Washington | Target | 187-251 | 200-269 |

Other Information:

International Business Machines (IBM)

- Space use varies according to the type of work being performed. For the product development environment, the range is 215 to 234 rentable square feet per FTE.
- For the administrative people, the range is 160 to 168 rentable square feet per person.

Lucent Technologies

Their targets are:

| | |
|------------------------------------|-------------------------------------|
| Building efficiency | 78-87 percent (high-rise buildings) |
| Building quality Class B or C..... | 84-95 percent (low-rise buildings) |
| Shared Space | 50 percent |
| Dedicated space | 50 percent |
| Enclosed offices | 5 -10 percent |
| Open plan workstations | 90 - 95 percent |
| Circulation factor | 1.45 - 1.65 |

Average Space Standards Calculations

Much confusion exists between gross, rentable, usable and assignable space numbers. The following chart illustrates how the state calculates the gross square feet requirement for its buildings:

Table – Gross Square Feet Requirements Calculation

| Letter | Description | Explanation |
|--------|---|--|
| A | Number of FTE housed | Peak FTE Housed During any 8 hr. shift |
| B | Private Office Area | FTE in private offices maximum is approx. 10% of A |
| C | Workstation Area | FTE in workstations minimum is approx. 90% of A |
| D | Workstation Circulation (D times 20%) | |
| E | Total Workstation/Office Circulation (C plus E) | |
| F | Reception Areas | A times 3.3 SF |
| G | Conference Areas | A times 8.7 SF |
| H | Support Space (Photocopy, filing, storage) | A times 36.7 SF |
| I | Special Rooms (labs, classrooms) | |
| J | Total assigned area | B+E+F+G+H+I |
| K | Internal office circulation allowance | J times 25% |
| L | Total assigned area | J+K |
| M | Allowance for common areas | L times 20% |
| N | Rentable Square feet | L+M |
| O | Gross Square Feet | N times 1.07 |

TRANSPORTATION AGENCIES PROJECT UPDATE

The Transportation Agencies will submit their evaluation of the planned Transportation Agencies facility design, budget and analysis of future transportation-related office space needs in Thurston County directly to the Senate and House Transportation Committees in December. The study will propose a 374,000 gross square feet building with from 940 to 1635 new parking spaces to consolidate what are now 30 separate leased office buildings into a single facility. It will also analyze siting alternatives on three state owned properties in Olympia, Tumwater and Lacey.

The agencies are considering a traditional public works project funded with reimbursable bonds or with Certificates of Participation.

POTENTIAL OLYMPIA AND TUMWATER SITES AND PLANNED PROJECTS WHICH COULD MEET THE NEEDS OF DOH AND THE TRANSPORTATION AGENCIES

The cities of Olympia and Tumwater, the Port of Olympia, the Tumwater School District and private developers have helped identify 10 sites within the state's Preferred Development Areas (PDAs) and an additional five sites outside these areas that could possibly meet the project's needs. The state's policy on preferred development areas would require a change if any of the latter five sites were to be further considered, however.

These sites, and some building projects that have been preliminarily approved for some of these sites, are shown below. The City of Olympia sites are supported by a recently completed North Downtown Environmental Impact Statement, and were previously identified in conjunction with a Downtown State Office Potential Study. These reports are presented in Appendix F.

Olympia has also expressed interest in exploring some opportunities for a city/state partnership for structured public parking for some of the sites located close to the city's downtown core.



Olympia-Area Preferred Development Areas

Site #1:

| ZONED | |
|---|--|
| Use | Downtown Business (DB) & Urban Waterfront (UW) |
| Height | DB = 75 feet* UW = 65 feet |
| Coverage | 100% |
| Pedestrian "A" Street Overlay State Avenue Olympia Avenue between Washington & Franklin Streets | |
| Pedestrian "B" Street Overlay Washington Street, Franklin Street and Adams Street | |
| Notes: * DB allows two additional floors if residential Covered in North Downtown FEIS Near Transit – City and State own some of the parcels Possible City/State partnership for structured parking | |



Site #2:

| ZONED | |
|--|------------------------|
| Use | Downtown Business (DB) |
| Height | 75 feet* |
| Coverage | 100% |
| Pedestrian "A" Street Overlay Legion Way between Franklin Street and Adams Street | |
| Pedestrian "B" Street Overlay Adams Street; Legion Way, Chestnut and Eighth Avenue | |
| Notes: * DB allows two additional floors if residential Possible City/State partnership for structured parking | |



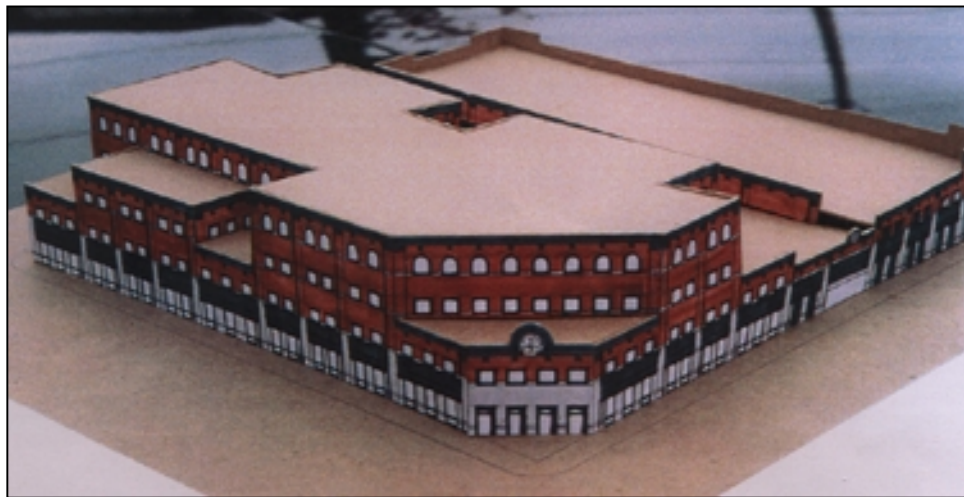
Site Sub #2:

| ZONED | |
|---|------------------------|
| Use | DB (Downtown Business) |
| Height | 75 Feet |
| Coverage | 100 % |
| Notes: DB allows two additional floors if residential Possible City/State partnership for structured parking. | |



Port of Olympia:

| ZONED | |
|--|------------------------|
| Use | Downtown Business (DB) |
| Height | 75 feet* |
| Coverage | 100% |
| Notes: * DB allows two additional floors if residential | |



| PROJECT DATA | |
|---|---|
| Owner | Vine Street Associates, Project II, LLC Post Office Box 430 Arlington, Washington 98223 |
| Status | Site plan approval received, now expired |
| Location | Southwest block of Cherry and 8 th Street |
| Square Footage | 105,618 |
| Number of Buildings | 1 |
| Number of Floors | 4 |
| Parking | 367 to 700 |
| Located within Preferred Development Area | Yes |
| Notes: | |

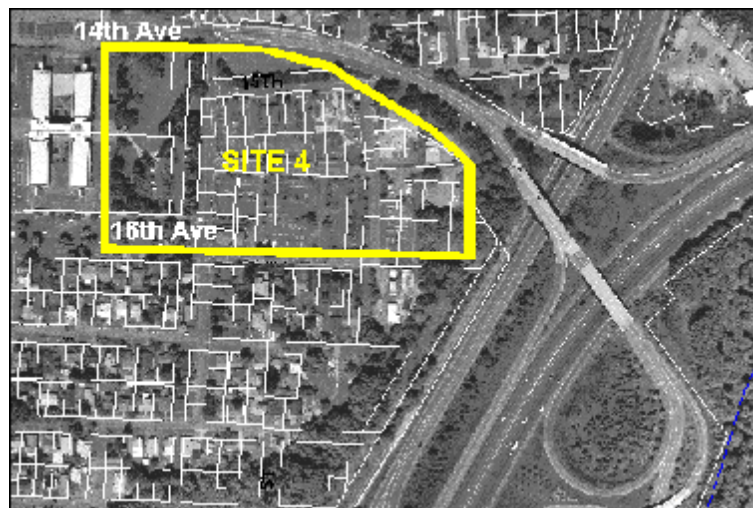
Site #3:

| ZONED | |
|----------|--|
| Use | Downtown Business (DB) |
| Height | Block 64 = 70 feet Block 82 = 60 feet |
| Coverage | 100% Pedestrian "A" Street Overlay Capitol Way |
| Notes: | State Ownership |



Site #4:

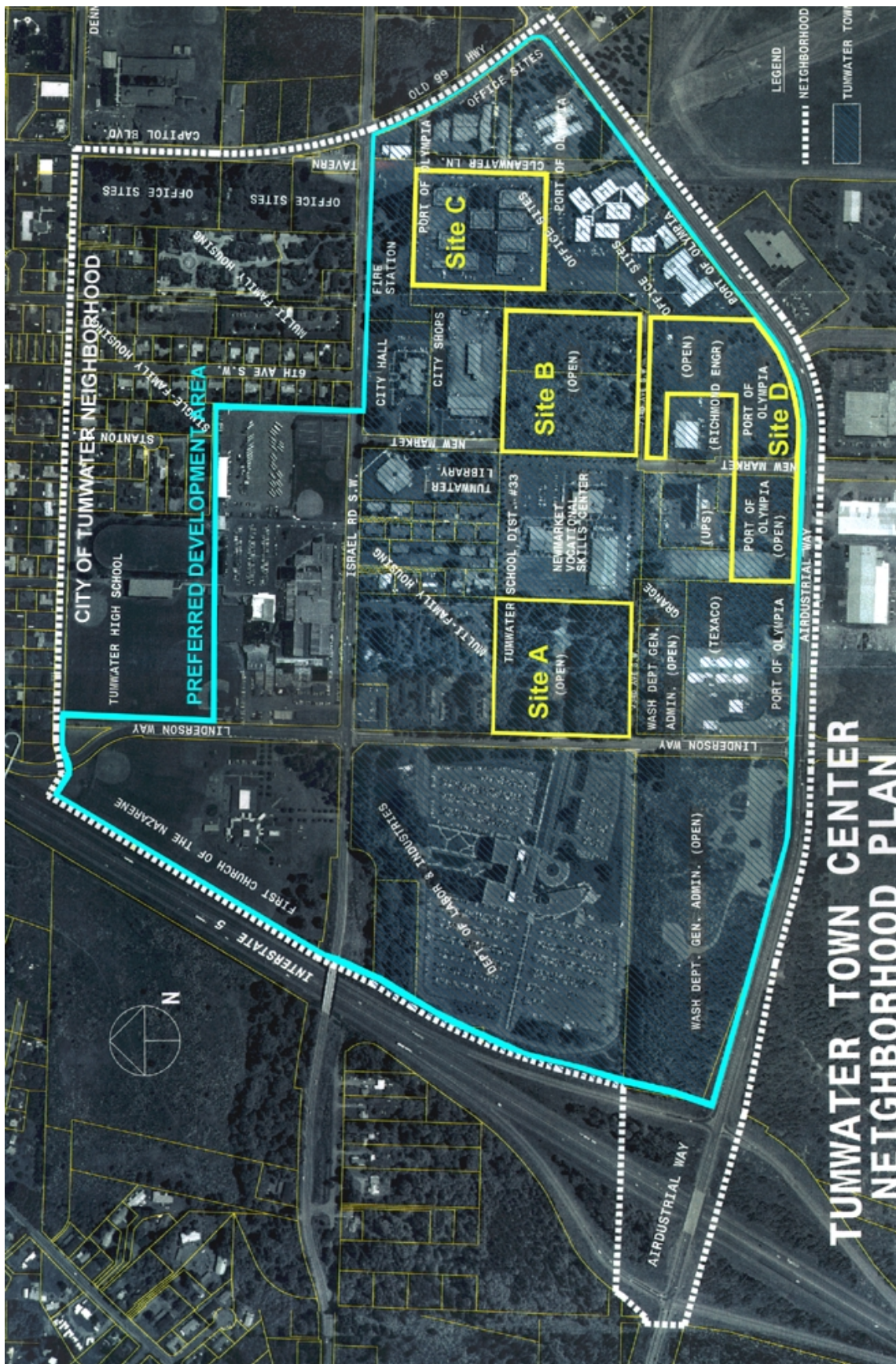
| ZONED | |
|----------|---|
| Use | Commercial Service-High density (CS-H) |
| Height | 100 feet |
| Coverage | 100% |
| Notes: | * Heights over 75-feet requires Hearing Examiner approval. State Ownership |



Site #5:

| ZONED | |
|----------|--|
| Use | Downtown Business (DB) |
| Height | 75 feet* |
| Coverage | 100% |
| Notes: | * DB allows two additional floors if residential |





City of Tumwater Preferred Development Areas

Site A:

| ZONED | |
|---|--------------------|
| Use | Community Services |
| Height | 50 Feet |
| Coverage | 90% Variable |
| Notes: Approximately 10 Acres. Owned by the Tumwater School District, property not being offered for sale at this time. Property was included in this report because of its site and location. | |



Site B:

| ZONED | |
|---------------------------------------|--------------------|
| Use | Community Services |
| Height | 50 feet |
| Coverage | 90% Variable |
| Notes: Approximately 10 Acres. | |





| PROJECT "B" DATA | |
|--|--|
| Owner | Vine Street Group Post Office Box 430 Arlington, Washington 98223 |
| Status | Site plan approval received |
| Location | South of Tumwater City Hall and North of 73 rd Avenue SW – New Market Street |
| Square Footage | 257,000 to 275,000 |
| Number of Buildings | 1 |
| Number of Floors | 5 |
| Parking | 798 Total: 518 above ground and 280 under building |
| Located within Preferred Development Area | Yes |
| Notes: | |

Site C:

| ZONED | |
|---|--------------------|
| Use | Community Services |
| Height | 50 feet |
| Coverage | 90% Variable |
| Notes: Approximately 8.2 Acres. 8 existing buildings are currently occupied by Department of Health. | |



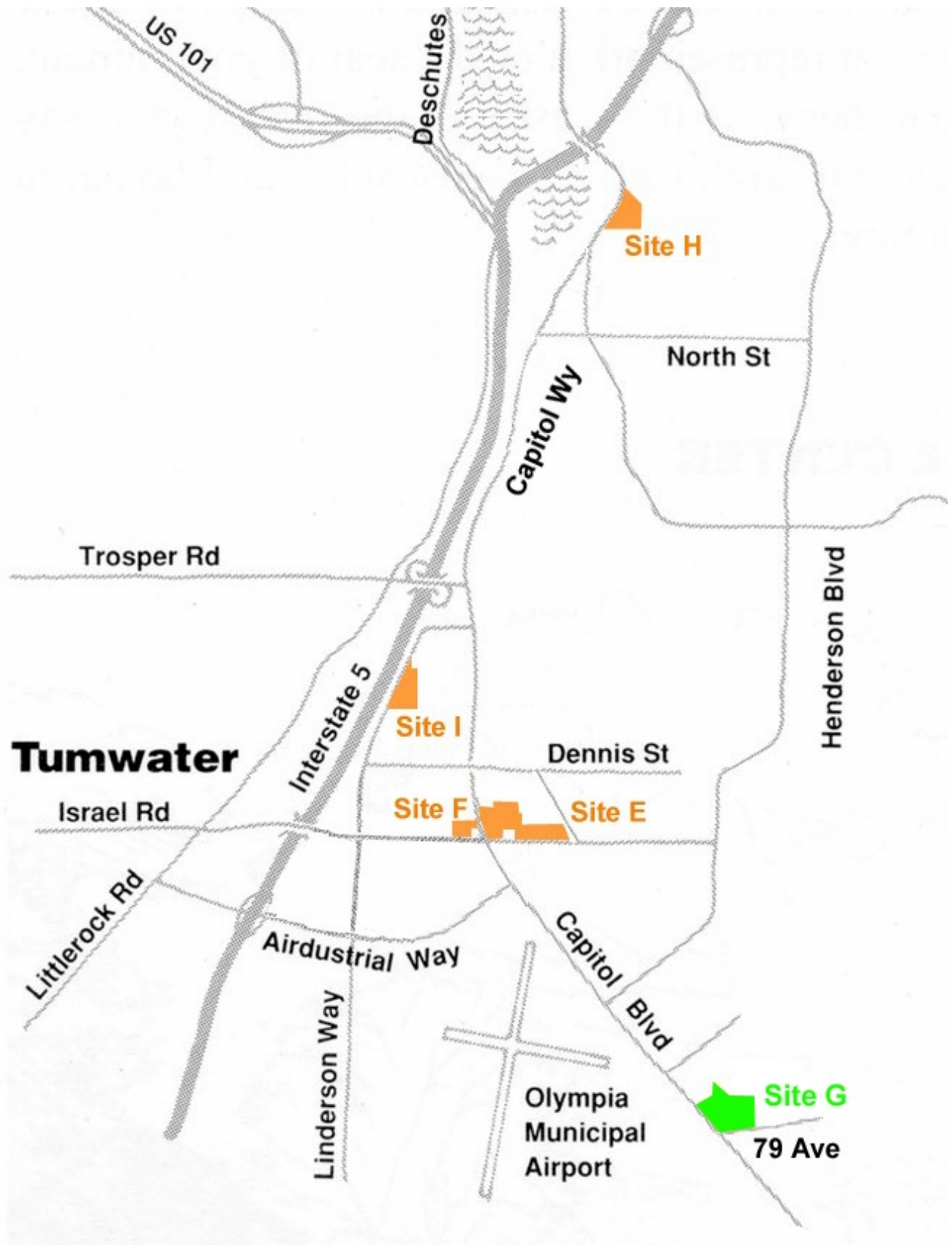



| PROJECT "C" DATA | |
|---|---|
| Owner | Simon Johnson, LLC 1019 Pacific Avenue, Suite 1119 Tacoma, Washington 98402 |
| Status | First Phase submitted for site plan review/Second Phase Conceptual Phase |
| Location | Airdustrail Park near Airdustrail Way and Clearwater Lane |
| Square Footage | 225,000 to 250,000 total; 75,000 to 100,000 each |
| Number of Buildings | 3 |
| Number of Floors | 3 to 4 |
| Parking | 550 on-site |
| Located within Preferred Development Area | Yes |
| Notes: Approximately 8.5 acres | |


Site D:

| ZONED | |
|--------------------------------|----------------------------------|
| Use | ARI (Airport Related Industrial) |
| Height | 50 feet |
| Coverage | No Maximum |
| Notes: Approximately 12 Acres. | |





 Sites inside the Preferred Leasing Area (PLA)

 Sites outside the Preferred Leasing Area (PLA)

Site E:

| ZONED | |
|----------|---------|
| Use | Mixed |
| Height | 50 Feet |
| Coverage | 85% |
| Notes: | |



| PROJECT "E" DATA | |
|---|---|
| Owner | Vine Street Group Post Office Box 430 Arlington, Washington 98223 |
| Status | Buildings 1 and 2 are under construction, Building 3 has site plan approval |
| Location | 6880, 6860 and 6840 Capitol Blvd SE |
| Square Footage | 233,700 total; Building 1: 49,904, Building 2: 99,892, Building 3: 83,904 |
| Number of Buildings | 3 |
| Number of Floors | 2 to 4 |
| Parking | 820 Total: 777 on-site; 43 off-site |
| Located within Preferred Development Area | No |
| Notes: | |

Site F:

| ZONED | |
|-----------------|--------------------|
| Use | General Commercial |
| Height | 50 Feet |
| Coverage | 85% Maximum |
| Notes: | |



| PROJECT "F" DATA | |
|---|--|
| Owner | Vine Street Group Post Office Box 430 Arlington, Weashington 98223 |
| Status | Construction Nearly Complete |
| Location | 150 Israel Road |
| Square Footage | 50,000 |
| Number of Buildings | 1 |
| Number of Floors | 4 |
| Parking | 175 on-site |
| Located within Preferred Development Area | No |
| Notes: Only two of four floors available for lease | |

Site G:

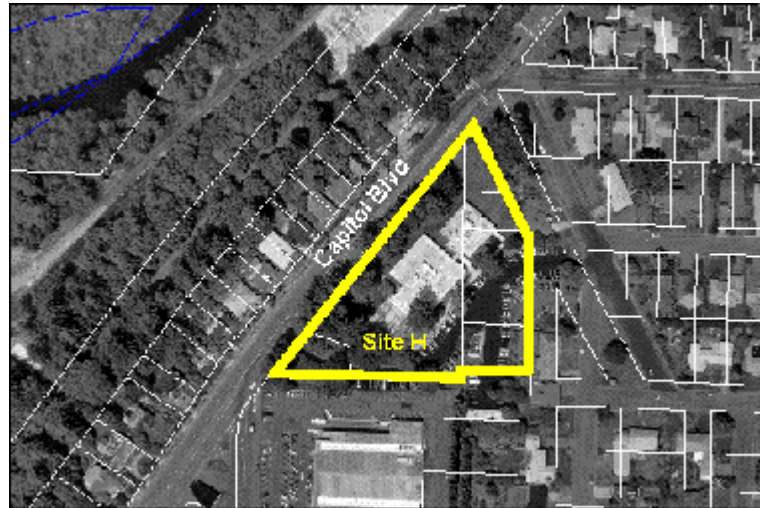
| ZONED | |
|-----------------|--------------------|
| Use | General Commercial |
| Height | 50 Feet |
| Coverage | No Maximum |
| Notes: | |



| PROJECT "G" DATA | |
|--|--|
| Owner | Kaufman Brothers Construction, Inc. 7711 Martin Way East Olympia, Washington 98516 |
| Status | Submitted for building permit review |
| Location | 818 – 79 th Avenue |
| Square Footage | Approximately 50,000 |
| Number of Buildings | 1 |
| Number of Floors | 2 |
| Parking | Approximately 170 |
| Located within Preferred Development Area | No |
| Notes: Located in County, within the Tumwater Urban Growth Area | |

Site H:

| ZONED | |
|-----------------|--------------------|
| Use | General Commercial |
| Height | 50 Feet |
| Coverage | No Maximum |
| Notes: | |



| PROJECT "H" DATA | |
|--|--|
| Owner | Kaufman Brothers Construction, Inc. 7711 Martin Way East Olympia, Washington 98516 |
| Status | Vacant, Owner is marketing to lease |
| Location | 3200 Capital Blvd |
| Square Footage | 34,467 |
| Number of Buildings | 1 |
| Number of Floors | 3 |
| Parking | 123 on-site |
| Located within Preferred Development Area | No |
| Notes: | Former Sunset Life Building |

Site I:

| ZONED | |
|-----------------|--------------------|
| Use | General Commercial |
| Height | 50 Feet |
| Coverage | No Maximum |
| Notes: | |



| PROJECT "I" DATA | |
|---|---|
| Owner | Kurt M. Meier 1217 Cooper Point Road SW Olympia, Washington 98502 |
| Status | Site Plan Approval |
| Location | 6400 Linderson Way |
| Square Footage | 133,455 |
| Number of Buildings | 1 |
| Number of Floors | 6 |
| Parking | Over 600 Total; 520 plus street parking |
| Located within Preferred Development Area | No |
| Notes: Property was rezoned. | |

SPECIAL REQUIREMENTS ASSOCIATED WITH DEVELOPMENT IN TUMWATER AND LACEY

Listed below are summaries of special requirements to develop on state-owned property in Tumwater and Lacey. Appendices D and E contain the full state purchase agreement, covenants and restrictions for these properties.

Summary of Covenants and Restrictions on Property Adjacent to Labor and Industries Building Property

- Utilities easement
- Can't be used by the state for an airport
- "Slope" covenant and provision
- Airport approach zone must be maintained – no interference (e.g., radio)
- Passage of aircraft easement
- Height restriction of 310 feet above sea level
- Reversionary rights to the United States of America
- Access easement to highway (appears to be for benefit of state of Washington)

The purchase and sale agreement contains the following language:

- 5.1.1. Such deed may contain restrictions on Purchaser's use of the Property, restricting the use of the Property for state executive offices for agencies of the State of Washington (defined as those state executive offices which are required to be maintained at the seat of government pursuant to Article XIV of the Constitution of Washington and court decisions and attorney general opinions thereafter), prohibiting the use of the Property for shops, yards or similar uses, and providing Purchaser with a fee simple determinable estate in the property granting Seller a possibility of reverter if such restrictions are not met or if construction of two or more buildings meeting the foregoing requirement has not commenced within ten (10) years after the date of closing. [Note: The date of closing was December 16, 1993.]
- 5.1.2. Upon any reversion of the Property to Seller due to a failure of Purchaser to commence construction of the declared building, Seller shall be obligated to refund the purchase price for the Property to Purchaser. Such refund shall be made by paying ten (10) percent of such amount immediately upon such reversion. The balance shall be paid in ten equal annual installments of principal and interest due on each anniversary thereafter. Such balance shall bear interest at a rate per annum equal to seventy (70) percent of the composite prime rate of interest published in the Wall Street Journal "Money Rates" column (or its successor) on the date of the reversion.

Summary of Covenants and Restrictions on Ecology Property

- Sign easement on Martin Way
- Limitation on cost to Abbey if hazardous waste is found
- Utilities easement
- State to dedicate part of site for Desmond Drive Easement
- Improvements to Desmond Drive to be made by state
- Use of land and design of facilities to be in line with restrictions in St. Martin's Master Land Use Plan and its protective covenants.
- Land may be used for "the construction and operation of state administrative office buildings comparable to the Department of Ecology facilities being constructed upon Parcel A..."
- St. Martin's retains the use of a range of "St. Martin" names.

POTENTIAL MITIGATION COSTS TO DEVELOP STATE-OWNED PROPERTY

The following is a description of the anticipated off-site mitigation costs at the three state campuses developed by NBBJ, the planning consultant on the Transportation Agencies study. These costs are preliminary. More detailed analyses of mitigation requirements and related costs would be undertaken as part of pre-design and associated environmental review.

Off-site Roadway Improvements

Lacey: \$3 million for extension of Desmond Drive to 3rd Avenue, adjacent to the City Hall complex. This cost includes approximately ¼ mile of a new boulevard street as set forth in the design guidelines of the Lacey Campus Master Plan.

Olympia: \$500,000 represents the state's anticipated proportional share contribution to projects on the city's Capital Improvement Program.

Tumwater: \$1,500,000 represents the state's anticipated proportional share contribution to projects on the city's Capital Improvement Program. This likely represents widening of Linderson and Airdustrial Way and improvements to the I-5 interchange.

Off-site Utility Improvements

Lacey, Olympia and Tumwater: \$250,000 represents anticipated utility extensions required to serve the state project.

If concurrent to the Tumwater site project there is an addition to the Labor and Industries Building on the Tumwater campus, then the off-site transportation and utility impacts are likely to increase.

HOW PROPOSALS FOR DOH AND TRANSPORTATION AGENCIES CONFORM TO THE 1991 CAPITOL MASTER PLAN

Lacey Campus

The 67.5-acre site currently houses the Department of Ecology Headquarters in 330,000 gross square feet of building. Approximate 800 parking spaces serve the building with 500 of those in a garage.

The 1992 Lacey master plans calls for two additional state office buildings to be built on the campus, the West Office building and the North Parkway Office Building. The potential site for the Transportation Agencies building is the West Office site. The master plan calls for a 440,00 GSF building in a crescent shape with an 880 stall-parking garage behind it. Development of the 'crescent' road' would be included with this development.

The Transportation Agencies facility varies from the master plan in size, location and configuration. The 375,000 GSF building is located in the northeastern part of the site to avoid a wetlands area where the master plan shows a structure. The parking needs for the new facility have been assessed at about 1,720 stalls, so a much larger garage is needed than shown in the master plan. An option to substantially reduce the project's parking requirements applying an aggressive transportation demand management approach is also being developed.

Capitol Campus

The Capitol Campus master plan completed in 1991 shows two new office buildings being constructed in the southeast corner of the campus. The 2-acre site immediately east and adjacent to the existing Department of Transportation building was originally designated as the Washington State Patrol Headquarters site. The 3.8-acre site east of Jefferson Street was designated to hold a post 2010 office building.

The 2-acre site is too small to hold a 374,000 GSF building. Its capacity has been estimated at about 150,000 to 250,000 GSF.

The larger site is being studied for the Transportation Agencies facility, and has an estimated capacity of about 340,000 GSF. The Transportation Agencies facility is larger by 34,000 GSF. Parking is proposed to be under the structure. A separate development option that includes structured parking on the 2-acre site rather than under the building is not consistent with the current master plan.

Tumwater

The Tumwater master plan shows approximately 1,250,000 GSF of office development on the 50 acres that house the Labor and Industries Building plus the proposed site of the Transportation Agencies or a Department of Health facility. The 412,000 GSF L & I building and its surface parking are on about 30 acres. Two more office buildings are shown to the south of the L&I building in the master plan.

The proposed location of a new state facility is close to where one of the master plan buildings is located. The master plan calls for structured parking to support any new development. Three development options have been developed for the Tumwater site. One option has all surface parking, another has a blend of surface and structured parking, and the third option includes all structured parking. The development option with all structured parking is the most consistent with the original master plan, but also the most expensive.

CONCEPTUAL BACKFILL SCENARIOS FOR DEPARTMENT OF HEALTH AND THE TRANSPORTATION AGENCIES

“What will happen with the existing leased space” is a question regularly asked about new building proposals. The answers fit into four categories:

- The space is well suited for use by another agency and can be re-leased immediately.
- The space may be well suited for use by another agency, but the owner must first renovate the building bringing it up to state standards.
- The space is no longer suited for state use
- The space will be demolished.

The following are conceptual backfill scenarios for the two groups of agencies:

Backfill Scenario for the Department of Health (DOH)

The DOH currently occupies 21 different office buildings throughout Thurston County under 17 separate Lease Agreements. All 17 Leases have separate Lease expiration dates, the latest of which is July 31, 2004. With a targeted “move in” date of June 2003, the most likely “backfill” scenario is as follows.

| Location | Lease No. | Lease Expires | Sq. Feet | Leasing Strategy | Likely Backfill Scenario (At Lease Expiration) |
|---|-----------|---------------|----------|----------------------------------|---|
| Target Plaza (2725 Harrison Ave NW Suite 500) | 7727 | 09/30/02 | 24,728 | Request 9-month extension. | Space converts back to retail space. If not converted, space may be considered by state as potential office site. |
| Firgrove Business Park (2411 Pacific Ave Bldg # 8) | 7648 | 09/30/02 | 5,113 | Request 9-month extension. | Space may be considered by state as potential office space. |
| Firgrove Business Park (2413 Pacific Ave Bldg #9) | 7817 | 01/31/03 | 1,558 | Request 5-month extension. | Space may be considered by state as potential office space. |
| Airdustral Bldg 1-7 (7171 Cleanwater Ln) | 8068 | 09/30/03 | 64,000 | Vacate upon Lease expiration. | Building scheduled to be demolished. Not a candidate for backfill. |
| Airdustral Bldg 8 (7171 Cleanwater Ln) | 7064 | 05/31/01 | 8,320 | Request 28-month extension. | Building scheduled to be demolished. Not a candidate for backfill. |
| Airdustral Bldg (7211 Cleanwater Ln) | 8414 | 06/30/04 | 6,000 | Exercise option to cancel Lease. | Space may be considered by state as potential office space following facility upgrades. |
| Airdustral Bldg (7211 Cleanwater Ln) | 8411 | 06/30/04 | 6,000 | Exercise option to cancel Lease. | Space may be considered by state as potential office space following facility upgrades. |
| Airdustral Bldg (7211 Cleanwater Ln) | 8412 | 06/30/04 | 6,000 | Exercise option to cancel Lease. | Space may be considered by state as potential office space following facility upgrades. |
| Airdustral Bldg (7211 Cleanwater Ln) | 8413 | 06/30/04 | 6,000 | Exercise option to cancel Lease. | Space may be considered by state as potential office space following facility upgrades. |
| Airdustral Bldg (7211 Cleanwater Ln) | 8371 | 06/30/04 | 6,000 | Exercise option to cancel Lease. | Space may be considered by state as potential office space following facility upgrades. |
| Airdustral Bldg (7211 Cleanwater Ln) | 8370 | 06/30/04 | 6,000 | Exercise option to cancel Lease. | Space may be considered by state as potential office space following facility upgrades. |
| Airdustral Bldg (7211 Cleanwater Ln) | 8417 | 06/30/04 | 6,000 | Exercise option to cancel Lease. | Space may be considered by state as potential office space following facility upgrades. |
| Airdustral Bldg 18 (7211 Cleanwater Ln) | 6858 | 04/30/00 | 4,000 | Renew Lease for 41 months. | Space may be considered by state as potential warehouse/garage space following facility upgrades. |
| Eastside Street Bldg (1101S Eastside St SE) | 8192 | 12/31/04 | 8,338 | Vacate upon Lease expiration. | Backfill Candidate. |
| Eastside Plaza (1102 Quince St SE) | 8522 | 07/31/04 | 23,990 | Vacate upon Lease expiration. | Backfill Candidate. Building to undergo major renovations. Space may be considered by state as potential office space. |
| Eastside Plaza (1112 Quince St SE) | 8524 | 07/31/04 | 29,128 | Vacate upon Lease expiration. | Backfill Candidate. Building to undergo major renovations. Office of Administrator for the Courts has first right of refusal to lease this space in an effort to expand and consolidate OAC functions/ staff. |
| Eastside Plaza (1300 Quince St SE) | 8523 | 07/31/04 | 48,270 | Vacate upon Lease expiration. | Backfill Candidate. Upon Lease expiration, building to undergo major renovations. Space may be considered by state as potential office space. |

Backfill Scenario for Transportation Agencies

The Transportation Agencies, for purposes of this study, comprise of six different state agencies: Department of Transportation, County Road Administration Board, Transportation Improvement Board, Traffic Safety Commission, Washington State Patrol, and Department of Licensing. The "Backfill" Scenario for each agency is outlined below with a targeted "move in" date that will most likely be staggered over a period of months. However, under the current planning process the earliest date these agencies would consolidate and/or co-locate would be sometime in the year 2004.

1. Washington State Department of Transportation:

| Location | Lease No. | Lease Expires | Sq. Feet | Leasing Strategy | Likely Backfill Scenario (At Lease Expiration) |
|--|-----------|---------------|----------|---|--|
| Bridge Design Office (4500 Third Avenue) | 8157 | 12/31/03 | 15,224 | Request extension to coincide with move-out date. | Space may be considered as potential office space. |
| Capital View II (724 Quince Street) | 7086 | 05/31/01 | 13,211 | Renew Lease for 5 years or re-locate to a temporary location. | Backfill candidate if agency chooses to renew. Would need minimal upgrade before leasing to another state agency |
| Capital View II (724 Quince Street) | SRA 8071 | 10/31/00 | 232 | Renew Lease to coincide with move-out date. | Space may be considered as potential office space. |
| Legion Bldg (809 Legion Way) | 7852 | 03/31/03 | 22,598 | Request extension to coincide with move out date. | Space may be considered as potential office space. |
| Lakeridge Bldg (921 Lakeridge Way) | 7809 | 03/31/03 | 5,727 | Request extension to coincide with move out date. | Space may be considered as potential office space. |
| Point Plaza Bldg (6639 Capitol Blvd) | 8258 | 03/31/04 | 1,843 | Vacate 1,843 out of 25,000 sf. | 1,843 sf absorbed by WSDOT or subleased to another state agency. |
| Bristol Court (2420 Bristol Court) | 6976 | 12/31/00 | 5,950 | Request extension to coincide with move out date. | Space may be considered as potential office space. |
| CAE Bldg (719 Sleater-Kinney) | 7462 | 06/30/02 | 6,667 | Request extension to coincide with move out date. | Space may be considered as potential office space. |

2. Transportation Improvement Board

| Location | Lease No. | Lease Expires | Sq. Feet | Leasing Strategy | Likely Backfill Scenario (At Lease Expiration) |
|---|-----------|---------------|----------|--|--|
| Transportation Bldg (Transportation Bldg) | N/A* | 6/30/01 | 2,850 | Extend Interagency Agreement with WSDOT. | Space absorbed by WSDOT. |

*Transportation Improvement Board has an Interagency Agreement for Services with WSDOT.

3. County Road Administration Board

| Location | Lease No. | Lease Expires | Sq. Feet | Leasing Strategy | Likely Backfill Scenario (At Lease Expiration) |
|---|-----------|---------------|----------|------------------------------|---|
| Chandler Court (2404 Chandler Court) | 8216 | 12/31/05 | 4,963 | Vacate upon Lease expiration | Backfill candidate. Upon Lease expiration, space may be considered as potential office space. |

4. Traffic Safety Commission

| Location | Lease No. | Lease Expires | Sq. Feet | Leasing Strategy | Likely Backfill Scenario (At Lease Expiration) |
|---------------------------------------|-----------|---------------|----------|--|---|
| Cherry Street (1000 Cherry Street) | 8044 | 10/31/03 | 6,400 | Extend and/or vacate premises to coincide with move. | May be considered as potential office space. |

5. Washington State Patrol:

| Location | Lease No. | Lease Expires | Sq. Feet | Leasing Strategy | Likely Backfill Scenario (At Lease Expiration) |
|---|-----------|---------------|----------|---|--|
| Airdustrail Bldg (7211 Cleanwater Ln) | 6732 | 08/31/99 | 10,481 | Currently renewing Lease for a five-year term. | Space may be considered as potential office space following facility upgrades. |
| Terminal Road Bldg (7600 Terminal Rd) | 6894 | 05/31/00 | 11,080 | Renew Lease to coincide with move-out schedule. | Space may be considered as potential office space following facility upgrades. |
| Cleveland Ave Bldg (321 Cleveland Ave) | 6788 | 12/31/99 | 2,160 | Renew Lease to coincide with move-out schedule. | Space may be considered as potential office space. |
| Woodland Square (621 Woodland Sq Lp) | 8213 | 01/31/04 | 15,526 | Vacate upon Lease expiration or extend Lease to coincide with move. | Space may be considered as potential office space. |
| Pacific Ave Bldg (3000 Pacific Ave) | 8361 | 11/30/04 | 23,789 | Vacate upon Lease expiration or extend Lease to coincide with move. | Space may be considered as potential office space. |
| GA Bldg (210 11 th Ave SW) | * | ** | 32,150 | Vacate premises when necessary. | Space leased to other state agencies. |

*Interagency Agreement between WSP and GA.

**N/A

6. Department of Licensing:

| Location | Lease No. | Lease Expires | Sq. Feet | Leasing Strategy | Likely Backfill Scenario (At Lease Expiration) |
|--|-----------|---------------|----------|---|---|
| Black Lake I & II (405 Black Lake Blvd) | 7537 | 04/30/02 | 71,832 | Renew Lease for 5 years or relocate to temporary space. | Backfill candidate if agency chooses to renew. Upon Lease termination, Space may be considered as potential office space. |
| Black Lake III (2000 W 4 th Ave) | 7539 | 04/30/02 | 20,221 | Renew Lease for 5 years or relocate to temporary space. | Backfill candidate if agency chooses to renew. Upon Lease termination, space may be considered as potential office space. |
| Bristol Court (2424 Bristol Ct SW) | 6852 | 03/31/00 | 17,902 | Renew Lease to coincide with move-out schedule. | Space may be considered as potential office space. |

Section IV: Case Study on Recent Consolidation of the Department of Retirement Systems

The Department of Retirement Systems recently moved from four leased buildings in three separate locations at some distance from each other into a single new leased building in Tumwater, bringing their agency together for the first time since 1985. This move followed several years of planning and consolidations proposals. The agency accomplished this consolidation into new space within the approved budget authorized for the three separated locations because of efficiencies created by this consolidation.

1. If DRS were to do it over, what would be different?

Up front analysis, planning and communications with their authorizing environment all led to the success of the project. The only area DRS would approach differently would be to increase their advanced planning with GA's Real Estate Services division to deal with expiring leases more effectively.

2. What efficiencies, cost savings and programmatic outcomes did DRS anticipate? Were they all achieved?

It was estimated that approximately 12,000 trips between buildings would be eliminated per year, which equated to around \$80,000 per year in staff time/salaries.

DRS also anticipated the following cost avoidances:

- Rent (\$38,000 per year without any tenant improvements at the existing facilities),
- Janitorial (\$16,000 per year),
- Communication lines (\$9,000 per year) and
- Utilities (\$14,000 per year).

These cost avoidances result from consolidating into less square feet (63,812 to 57,441) and into more energy efficient office space, and they were necessary for the agency to stay within its carry forward level budget for facility costs.

Additionally, this doesn't take into account the fact that DRS would have had to have leased an additional 4,000 square feet (costing around \$63,000 per year) to absorb the increase in staff associated with implementing the School Employees' Retirement System. There wasn't enough room at Capital Plaza, Legion Square and/or Goldmark to place the staff.

Both the anticipated efficiencies and cost avoidances were achieved.

3. Was the consolidation more costly than DRS had budgeted for? If so, did this cause any financial hardship?

No. The consolidation project was completed for \$260,000 less than the amount budgeted. Costs totaled \$2.50M against an allotment of \$2.76M.

4. Did DRS realize other benefits that had not been anticipated?

Yes. The capacity of the Point Plaza development has allowed DRS to be located with other state agencies resulting in coordinated zoned parking, Commute Trip Reduction and improved disaster preparedness.

5. How did the consolidation affect agency customer service delivery, productivity, internal business process improvement, increased public values and benefits, or the agency's ability to learn and grow? Was any of this measured?

Improving service to customers was a top priority in DRS' facility consolidation, as was the eventual location of the facility. The consolidation brings the Deferred Compensation Program under the same roof as retirement systems, making it easier for a member to cover both programs in one visit. The facility is conveniently located and visitor parking is right up front. This was not the case in the three previous facilities, or in the other consolidated leased space options considered.

Improved customer service was also considered in the internal layout of the building and in some of its systems. Meeting rooms were provided adjacent to the lobby area so conversations with members, that often cover confidential financial information, could take place in private. Additionally, a more reliable and flexible telephone system was installed that has allowed DRS to be more responsive to phone calls from its customers.

The consolidation enabled the agency to stay within its carry forward level budget for facility costs as noted above, **minimizing facility life-cycle costs**. This represented attainment of the Director's FY 99 Performance Agreement with the Governor to "Consolidate all department staff into a single building with an annual rental expense less than current facility cost projections."

Learning and growth is supported by the placement of a training room in the internal layout of the building. This room has already seen extensive use for everything from training on DRS-unique computer systems to Zenger-Miller (Z-M) Leadership Training.

It is also anticipated that employee satisfaction will improve, as measured by the Department of Personnel's Employee Satisfaction Survey. Numerous staff has commented on the increase in morale and pride associated with being in one building.

The facility also supports **internal business process improvements**. The consolidation of staff makes it easier to pursue quality improvement initiatives that require cross-division participation in addition to the 12,000 trips between buildings that will be avoided each year as a result of consolidation.

In the end, the aggregate impact of internal process efficiencies, improved training and morale, cost avoidances and a customer focus should all positively impact DRS customer satisfaction surveys. Although it's not possible to estimate their incremental impact on DRS' most recent survey results, which showed that 91% of customers responded with an "excellent" satisfaction rating for the overall quality of services provided by DRS, they all help to keep it high.

6. Based on the DRS experience, should other agencies also consolidate?

If they have data on efficiencies to be gained and they're willing to put in the time and effort, our answer is: "yes." It is also essential that they work with OFM and legislative staff to obtain buy-in up front. The justification and planning process needs to go beyond just thinking that it would be better to be under one roof.

Questions about these observations can be directed to Maureen Westard-Long, Deputy Director, Department of Retirement Systems at (360) 664-7309 or to Mark Feldhausen, Assistant Director for Administrative Services, at (360) 664-7304.